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Why the TWA hostage story is far from over, Page 20

World news | Business summary

Israel will free 300 Lebanese prisoners

Israel will release 300 of the 735 Lebanese prisoners held in Atlit jail within 48 hours following the release of the 39 American hostages from Beirut.

The 10-member Israeli inner cabinet will allow the remaining prisoners to return to Lebanon by the end of the week.

The committee responsible for defence and security emphasised that their decision was not related to the arrival of the hostages at the U.S. air force base at Wiesbaden, West Germany. Page 22

U.S. print for FT

The Financial Times was preparing to print in the U.S. for the first time last night – adding Bellmawr, New Jersey, to its London and Frankfurt printing centres – in a move to improve distribution and increase circulation in North America.

Bomb target

A bomb wrecked the British Airways office in Madrid, killed a woman and injured 25 people but Spanish police believe the target was the TWA office on the floor above. Page 2.

Terrorist charges

A man accused of causing the Brighton explosion that killed five and injured UK Prime Minister Margaret Thatcher was remanded along with six others on terrorist charges after a brief court appearance at Lambeth, London.

African leader dies

John Pokela, leader of the anti-apartheid Pan-Africanist Congress, has died in a Harare hospital. Pokela spent 13 years in South Africa's Robben Island jail for his nationalist activities and had lived in exile in Tanzania since 1981.

Hawke challenged

Australian Prime Minister Bob Hawke faced 30,000 farmers outside parliament in Canberra demonstrating against his plans to introduce a capital gains tax and a 12.5 per cent consumption tax. Page 3

Strike halts vote

A strike ballot among black workers at South African gold mines was disrupted when 20,000 miners walked out. Page 3

Athens bomb attack

A bomb destroyed a car belonging to U.S. military personnel outside an Athens hotel.

Emergency ends

The six-month state of emergency imposed by the French Government in the troubled South Pacific territory of New Caledonia has ended.

Polish shops filled

Polish butchers shops bulged with extra supplies of quality ham and sausage as government-regulated prices rose by 15 per cent amid Solidarity calls for protest strikes.

Airbuses arrive

China has taken delivery of the first two of three A-310 medium-range Airbuses for use on its Asian routes. The third aircraft will be delivered next May.

Gulf raids resume

Iraqi aircraft attacked a Kurdish refugee camp to end a 15-day halt to Gulf war raids on Iranian civilian targets.

HK law plan

Work has begun in Peking on drafting a special law for Hong Kong after the British colony reverts to China in 12 years. The law will allow Hong Kong to maintain its present social and economic system for at least 50 years after the handover.

Rush to buy Axel Springer shares

WEST GERMAN and foreign investors rushed to buy shares in the Axel Springer newspaper group in a DM 550m ($182m) private share placement that was heavily oversubscribed. Page 23

WALL STREET: The Dow Jones industrial average closed up 1.68 at 1,337.14. Page 46

LONDON blue chips staged a confident display with the FT Ordinary index closing at the day's best level of 952.5, a rise of 13.9. Gilts improved. Page 46

TOKYO shares edged back from the record set on Saturday with a 4.02 point fall in the Nikkei-Dow market average to 12,919.03. Page 46

DOLLAR was firmer in London, rising to DM 3.041 (DM 3.028), FFr 9.2625 (FFr 9.2375) and SwFr 2.5485 (SwFr 2.5395) but fell to Y247.9 (Y248.3). On Bank of England figures the dollar's index rose to 143.9 from 143.7. Page 39

STERLING showed a weaker tendency in London, losing 45 points against the dollar to close at $1.3055. It also declined to FFr 12.075 (FFr 12.105), SwFr 3.325 (SwFr 3.3275) and Y323.5 (Y325.5) but improved to DM 3.9725 (DM 3.9675). The pound's exchange rate index fell 0.1 to 81.2. Page 39

GOLD: In New York the August Comex settlement was $310.80. Gold fell $4.50 on the London bullion market to $313.25. It also fell in Zurich to $314.00. Page 38

COFFEE prices in London were pushed down by heavy tendering of supplies against long positions in the expiring July contract. The September position fell £52 to £1,912 a tonne, on top of last week's £90.50 fall. Brazilian coffee rules, Page 38

PHILIPPINE central bank has cut the yield on its short-term domestic borrowings in an attempt to ease pressure on interest rates generally. Page 25

EURODOLLAR bond market rally continued but new issues did not fire the imagination of investors. Page 23; FT International Bond Service, Page 24

FIRST ECU travellers cheques will go on sale in Italy in the next few weeks. The consortium of banks launching the cheques expect them to be cashable in banks and leading hotels and hope to extend their acceptability worldwide. Page 24

ICI, British chemical group, obtained what was believed to be the finest ever interest rate for a corporate borrower in its first drawing under a $400m Euronote facility. Page 23

LUFTHANSA, West German airline already ordering a fleet of A-320 and A-300 Airbuses, is buying a fleet of Boeing 737-300 short-haul jets for earlier delivery to replace ageing 737s. The deal for 10 737-300s and an option on 10 more is worth over $500m. Page 5

SCOTTISH & NEWCASTLE, UK brewer, stepped up its pre-tax profits £10m ($12.7m) to £65.2m in 1984-85 thanks to strong growth in its hotels division. Lex, Page 22; Page 28

BURMAH OIL subsidiary Sericol bought the U.S. ink manufacturer Advance Process Supply for $25m. Page 28

TATA Iron and Steel, India's only private sector steel group, more than quadrupled net profits to Rs 847.4m ($68.4m) in the year to March. Page 26.

CANADIAN asbestos mines are to study the feasibility of pooling operations to improve their financial position and competitiveness on world markets. Page 24

BMW, West German prestige car maker, says its sales have almost recovered from the setback caused by doubts over new emission controls and output this year is likely to be a record. Page 23

AIR AFRIQUE, financially troubled multinational airline, is not on the verge of bankruptcy, according to its outgoing head, who produced evidence of a recovery. Page 26

Thorn EMI chief quits as profit forecast is cut

BY GUY DE JONQUIERES IN LONDON

THE HEAD of Thorn EMI, Britain's leading consumer electronics group, resigned yesterday, as the company issued a warning that profits for the year to March 31 would be lower than the previous year.

Mr Peter Laister, who was appointed chairman only 15 months ago, has been replaced by Sir Graham Wilkins, a 61 year old former chairman of Beecham Group. Sir Graham steps up from the non-executive position of deputy chairman.

The group also announced reorganisation measures at Ferguson, its consumer electronics division, and Inmos, the microchip manufacturer which it purchased from the Government last year. The measures, which include 1,000 job losses at Ferguson and management changes at Inmos, will require provisions in its accounts.

In addition, Thorn EMI disclosed that technical problems at Inmos' U.S. plant had limited production of some components and delayed the introduction of new ones. Though the problems are said to have been cured, as many as a third of the static memory chips made until recently may be defective. These are Inmos' best-selling products and provided two thirds of its profits last year.

Thorn EMI, which is bringing forward publication of its annual results to next Friday, said it planned to maintain its dividend for the year by recommending an unchanged final payment. Its share price, which has fallen steeply since early last year, closed at 367p yesterday, up 12p.

Share prices of most leading UK electronics manufacturers have fallen sharply on the London Stock Exchange since the start of the year. They have been under particularly heavy pressure in the last week after a gloomy first-half profits forecast from Racal and growing unease about imminent results from STC.

Yesterday's moves at Thorn EMI follow harsh criticism of the company's performance since Mr Laister became chairman 15 months ago. Investor confidence had been shaken by the company's unsuccessful merger approach to British Aerospace in May last year and by the purchase of Inmos, which has suffered from the slump in the world semiconductor market.

Thorn EMI's pre-tax profits fell 28 per cent to £40.2m ($50m) in the six months to September 30. In the year ended March 31 1984, its profits were £156.8m on turnover of £2.82bn. Last year's dividend was 17.5p per share.

Sir Graham Wilkins said yesterday's changes had not resulted from any direct pressure from financial institutions. "The board did not feel the company was being run in the best interests of the shareholders," he said. "It seems reasonable enough to say that if you're chairman and chief executive, we all know where the buck stops."

Sir Graham planned to stay on as both chairman and chief executive until the company had tackled its most pressing problems, though he expected to relinquish the later position in due course. Mr Colin Southgate, appointed Thorn EMI's managing director in April, remains in the job.

Dr Richard Petritz, Inmos' deputy chairman and one of its three founders, and Mr John Heightley, its chief operating officer, have been "relieved of their executive duties." Further management changes and substantial actions to cut costs at Inmos' U.S. operations are expected shortly.

Inmos is ending manufacture of

Continued on Page 22

Thorn blames itself, Page 7; Lex, Page 22

Strikes to close Israeli air and sea ports

BY DAVID LENNON IN TEL AVIV

THE ISRAELI economy will be paralysed today and its air and seaports closed by a 24-hour warning strike called by trades unions in protest at the new economic austerity programme which they say places an unfair burden on wage earners.

After marathon 20-hour session, the Cabinet yesterday adopted a broad-based programme designed to fight the nation's hyper-inflation through $750m cuts in the $23bn budget, a three-month wage and prices freeze and an 18.8 per cent devaluation of the shekel.

The Government also hopes that by adopting tough measures it will have convinced the U.S. that it is dealing seriously with the economy and is therefore worthy of receiving the $750m in emergency economic aid for this year which has been approved by Washington but not delivered.

Mr Shimon Peres, the Prime Minister said yesterday that the alternative to the stabilisation programme was a collapse of the economy, which also suffers from declining foreign currency reserves and a $5bn current account deficit in the balance of payments. He appealed to the nation to back the Government's programme.

The powerful Histadrut trade union federation responded by calling a one-day national strike from 6am today. Mr Israel Kessar, the secretary general, said he wanted the Government to negotiate with the unions and not impose economic measures through emergency regulations.

The unions are willing to continue with the voluntary wages and prices pact which has been in force since November, but the Government has opted for coercion in the face of the refusal of industrialists to continue with the voluntary agreement.

Price of basic commodities and services rose by up to 80 per cent, with the prices of other goods and services being increased by up to 35 per cent. In response, the Government will use emergency regulations to impose a three-month price freeze.

Wages will also be frozen after a compensation is paid to workers for inflation in May and June. They will not receive any compensation in July and August.

The Cabinet also approved a one-time supplementary income tax levy of 8.3 per cent on corporations and the self employed; a tax is also to be levied on luxury homes and appartments.

Mr Yitzhak Modai, the Finance Minister, said that while these were very tough measures, they would bring inflation down to single figures by September, compared with the 20 per cent recorded last month.

The Knesset was expected last night to approve the programme which was presented to the house by Mr Modai. The Government said it regarded the vote as a vote of confidence, thus disarming the opposition parties which had earlier tabled no confidence motions.

Experiencing economic déjà vu, Page 3; Release for Shias, Page 22

German growth forecast lifted

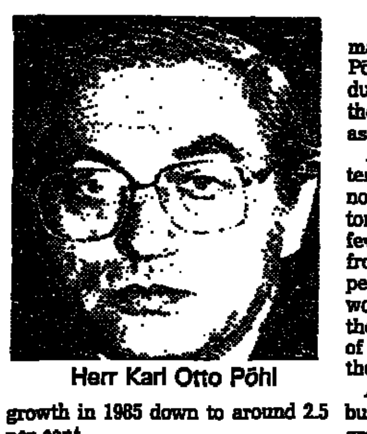
BY RUPERT CORNWELL IN BONN

EXPECTATIONS of a substantial pick up in the West German economy during the second quarter of this year were reinforced from two separate quarters yesterday.

The Munich-based IFO economic research institute spoke in its latest report of a "powerful" growth in GNP after the 1 per cent slide in the first quarter, attributable mainly to the harsh winter weather and consumer uncertainty created by the confusion over car exhaust standards.

IFO, which monitors economic activity on a particularly broad base, reckons that the second quarter could show a growth of 4.5 per cent from the same period of last year - which admittedly was held down by the protracted strike in the engineering industry.

However, the institute warns that the continuing crisis in the building industry, despite the benefit it will draw from modest support in the budget package, would keep overall growth in 1985 down to around 2.5 per cent.



Herr Karl Otto Pöhl

The strongest contributor to renewed expansions is likely to be corporate spending, which IFO believes could rise in manufacturing industry by 14 per cent in 1985, and by 10 per cent in business as a whole.

Much the same forecast was made yesterday by Herr Karl-Otto Pöhl, the Bundesbank president, during the Cabinet deliberations on the 1986 Federal budget, in which as usual he took part.

After a disappointing first quarter, he insisted, the economy was now again moving ahead satisfactorily. No risk existed in the next few months of a jump in inflation from its current rate of just over 2 per cent, while the Bundesbank would use the scope offered it by the reduced budget deficit for 1986 of pushing interest rates down further, to underpin growth.

As previously announced, the budget provides for a 2.4 per cent growth in expenditure to DM 264bn ($86.8bn), implying a new 1986 borrowing requirement of DM 24.9bn.

The Bundesbank's own profits, remitted to the Government and as such a great help in reducing the deficit, are provisionally assessed at DM 12.5bn for 1986.

Romanov dropped from Politburo

By Patrick Cockburn in Moscow

MR MIKHAIL GORBACHEV, the Soviet leader, moved yesterday to assert this full authority within the Politburo by dropping from the leadership Mr Grigory Romanov, his rival in the succession to President Chernenko.

Mr Gorbachev is widely expected to become President of the Soviet Union as well as head of the party when the Supreme Soviet, the country's parliament meets today in Moscow.

The resignation of Mr Romanov, 62, on "health grounds" was announced after a meeting of the Communist Party Central Committee yesterday.

His departure shows that Mr Gorbachev has gained the complete control of the 13-member Politburo he needs to carry through the radical economic reforms he has advocated.

This was further underlined yesterday by the election of Mr Eduard Shevardnaze, the Communist Party leader in the southern republic of Georgia to full Politburo membership. He has been a strong protagonist of economic change.

Mr Gorbachev has now appointed four new members of the Politburo since he took power last March. The strengthening of his support within the ruling body is significant because the Politburo controls appointments to senior government posts. Here, Mr Gorbachev wants to place men more committed to economic change.

Mr Romanov, formerly the head of the Communist Party in Leningrad – the second largest Soviet city after Moscow – was the only member of the Soviet elite to be a serious rival to Mr Gorbachev for the leadership after President Chernenko died in March. He also became a standard bearer for those opposed to the radical economic reforms advocated by Mr Gorbachev.

Other important changes announced yesterday include the appointment of two new party secretaries, which are key positions within the secretariat of the Communist Party Central Committee. They are, Mr Lev Zaikov, the party leader in Leningrad and Mr Boris Yeltsin, formerly party secretary in charge of construction industries. It is not known who gets Mr Romanov's old job in charge of defence industries.

The smoothness and speed with which Mr Gorbachev has taken hold of all the levers of power in the Soviet Union in less than four months has surprised diplomats in Moscow. He himself has empha-

Continued on Page 22

Worries over Moscow's call to order, Page 2

Brussels to study CAP reform plan

BY IVO DAWNAY IN BRUSSELS

OUTLINE proposals for the most radical reform of the EEC's Common Agricultural Policy (CAP) since its inception more than 20 years ago are to be put to the 14-member European Commission tomorrow.

The highly confidential plans come in a draft discussion document – Perspectives for the CAP – which is intended to form the basis for a major public debate on the restructuring of EEC farming up to the year 2000.

But its contents are so controversial that intensive discussions are already under way between the Commissioners' private staffs over whether elements in the Green Paper (discussion document) should be toned down. Any amendments, however, are unlikely to alter its broad objectives – the use of a strong price restraint policy to cut surpluses.

Much of the paper is also certain to provoke a storm of protest from the farmers' lobby. They will claim that the proposals breach Article 29 of the Treaty of Rome which requires the Commission to defend and increase farm incomes.

The discussion document argues, however, that incomes rises achieved by increased guaranteed prices, together with open-ended commitments to buy up product surpluses, "can no longer be reconciled with economic and financial realities.

It goes on to warn that whatever approach is used for adjusting supply and demand, improved yields and a slowdown in increases in output and incomes will force a major structural adjustment for Community agriculture.

The paper insists: "This would not be possible without an outflow of labour and, to a lesser extent, of land from traditional agricultural production."

The central issue identified by the review rests on whether to cut back surpluses and costs by means of price reduction or by quantitative restrictions on the amount of production protected by price guarantees.

It concludes that the latter method – adopted in the superlevy on milk last year – is never more than a "palliative" and involves political, economic and administrative problems alongside incomes decreases.

Instead, the paper proposes as options a number of far-reaching changes. These include:

- A substantial shift in the use of cash resources from price supports to aiding the poorer farmers' incomes.
- A series of changes to the cereals regime including large price cuts, the application of new punitive levies in years of big harvests, restrictions on access guaranteed prices to the end of the season, co-responsibility levies or even quotas.
- Possible quantitative restrictions on the amount of any surplus product being eligible for export subsidies involving a major new requirement for producers to take a large share of financial responsibility for disposing of unsaleable surpluses.
- Consideration of a major renegotiation under the General Agreement on Tariffs and Trade allowing the Community to introduce some new protective measures in return for the dismantlement of others.
- Wide-ranging revisions to several existing regimes such as oils and fats, tobacco and beef, with a scheme to buy out farmers' rights to produce milk.
- Close examination of a number of projects for new markets and new products, such as the use of grains for bi-entanol production and encouragement for farmers developing new lines of fruit and vegetables.

Although many of the proposals stand little chance of meeting the approval of the farm ministers, the combination of radicalism and austerity that the options as laid out involve is clear evidence of the seriousness with which the Commission now views the growing costs of the CAP.

A new effort to reach agreement on immediate measures to streamline EEC decision-making is to be made by Community foreign ministers after the failure of heads of government to reach agreement at the Milan summit. (Page 22). Meanwhile, Mrs Margaret Thatcher, the British Prime Minister, will face an angry House of Commons today, disappointed at the summit outcome. Page 7

- Moderate economic growth is likely in Western Europe this year despite signs of a slowdown in expansion in most countries, the Union of European Community Industrie (Unice), an employers' lobby group, said yesterday, Reuter reports from Brussels.

Unice said it was unsure whether the signs of recent slowdown signalled the peak of the cycle or represented only a temporary check as domestic demand took over the momentum of growth from export demand.

Industrial investment was holding up well despite the high level of real interest rates.

Details, Page 2

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DRAFT DISCUSSION DOCUMENT OUTLINES MAJOR REFORM

Commission cuts a swathe through CAP

BY IVO DAWNAY IN BRUSSELS

PLANS FOR a major reform of the common agricultural policy (CAP) outlined in the draft discussion document to be debated by the European Commission tomorrow will come as a bombshell to CAP traditionalists.

Instead of tinkering with the perennial problem of managing product surpluses and declining farm incomes, the paper proposes an ambitious programme of changes that would have far-reaching effects on farmers, member states and on world agricultural trade.

Nor have the CAP managers dodged the serious, some say critical, issues that confront the policy as it now stands. The "Perspectives" paper, as it has been dubbed, begins with an analysis of the budgetary pressures that compel cash savings, and the increasingly hostile international environment that Community farm policy now faces.

Its preliminary chapter points out: "The old model of agricultural policy in which increases in income could be obtained by increases in prices—and prices guaranteed, moreover, for an unlimited quantity of production — can no longer be reconciled with the economic and financial realities."

Production growth of 1.5 to 2 per cent yearly, against only 0.5 per cent increase in internal demand and equally low external demand is made worse by fears of cuts in U.S. product prices on world markets.

The paper forecasts increased spending on export subsidies at a time when the arrival of Spain and Portugal in the Community will add Ecu 580m (£328m) to costs, doubling by 1988. At current rates of growth, the paper claims, CAP spending could absorb *all the recently* increased financial resources of thte Community by the end of next year.

Such a scenario could force member states to step in with their own financial aid programmes, thereby leading to a total breakdown of the CAP, as a commonly *shared pricing* and income support policy.

Under a chapter headed, Concepts for the Future, the paper points to a number of central questions that must now be debated.

Price policy or quantitative restrictions: The fundamental choices for the medium term lie in opting either for restricted prices or production restraints. The former, the paper points out, "would imply that the economic *function of price* policy is stressed at the expense of its social function of incomes support."

Price cuts would have to be substantial to cut costs and output, and they would inevitably fall heavily on smaller farmers. Quotas, conversely, would be *unlikely to cut costs.*

The paper concludes that market prices must be given a greater role where surpluses exist, and it acknowledges that this would mean lower incomes, more unemployment and taking land out of production.

Reorientation of production: *Revisions to oils and fats, sugar,* tobacco and beef regimes will be necessary and proposals will be made shortly. Furthermore, the Commission plans to buy-out milk producers to cut output. Alternative uses, products and markets, must also be examined for farm output.

The cereals problem: "Significant" price cuts combined with income aids for medium-sized farmers are proposed with the possibility of co-responsibility levies being applied immediately in years of high output, possibly at the point of sale.

The Commission is also considering an option of restricting access to guaranteed prices until the end of the selling season in April or May, to encourage exports.

External trade: The costs and risks of trading farm products on the world market must be increasingly taken on by the producers and not left to the Commission. To bring Community prices nearer to world levels, *the paper suggests* limiting the quantities eligible for export subsidies. Self-financing for exports by means of co-responsibility levies must also be considered.

These moves could allow the EEC to renogiate its position under the General Agreement on Tariffs and Trade (Gatt).

Income aids: The paper envisages a substantial shift from price to income support to aid small farmers. It puts four possible options to ease the adjustment, including early retirement for farmers over 55, temporary degressive aids based on units of production, highly selective means-tested aids to the poorest farmers or full buy-outs.

Environment: Greater attention must be paid to environmental issues including support for keeping land out of production, and bans on certain chemicals and practices harmful to the environment. Regional policy must be better co-*ordinated between member* states and the Community.

French armed forces 'face drastic cuts' in equipment purchases

BY DAVID HOUSEGO IN PARIS

THE FRENCH armed forces will have to make drastic cuts in planned equipment purchases because of inadequate funds, General Jeanneu Lacaze, the outgoing chief of staff, has asserted in a private letter to the Minister of Defence.

The letter is the first public admission within the armed forces of the severity of their financial difficulties. It coincides with accusations by the Opposition that cutbacks in expenditure by the Socialist Administration have left French defences vulnerable. The Opposition is proposing a real increase in defence expenditure of 4 per cent a year in the wake of a recent stagnation or decline in defence spending in real terms.

General Lacaze believes that an additional FFr 35bn (£2.9bn) would have to be spent to pro-*vide the armed forces with the* equipment they need. The conventional forces are worse off than the nuclear forces with a shortfall of FFr 27bn.

Details of General Lacaze's letter are revealed by the weekly Le Point in its issue yesterday. Though the magazine does not have a copy of the letter, it claims to know its content on good authority. General Lacaze retires on August 1 and his pessimistic letter is a farewell assessment.

The General says that the overall shortfall is due to an under-estimate of equipment costs, to the failure to take into account purchases of Awacs early-warning planes being sought by the airforce, and to the cost of overseas operations such as the war in Chad.

He says that as a result of the shortage of funds, the armed forces will have to trim their orders. For the nuclear forces the development of the M5 inter-ballistic missile, which would have increased range and penetration should be postponed and that the development of the SX moveableland-based missile should also be delayed.

The cutback for the conventional forces would be far more *drastic. Gen Lacase says that* they would have to forgo 25 per cent of the new equipment which had been envisaged.

In the case of the airforce, the cutbacks would mean limiting the number of planes to 320 instead of 450, delaying the construction of a new tactical fighter aircraft *by three years* and *foregoing* any further purchases of Mirage 2000s.

Terrorists blast BA offices in Madrid

By Tom Burns in Madrid

THE BRITISH AIRWAYS (BA) main ticket office in Madrid was gutted by a bomb yesterday but police believe the terrorist target was the TWA office which is on the floor immediately above BA's premises.

One woman was killed and 25 people were injured in the blast.

Shortly afterwards the terrorists struck again, shooting at the nearby offices of the Jordanian airline company Alia and then tossing two grenades through the shattered plate glass. The grenades failed to explode and were defused by police. Two people were treated for injuries caused by cut glass

The British Airways explosion was caused by a parcel bomb which was left on the counter of the main ticket sales desk by a young man who ran into the office and then left in a hurry.

BA occupies the groundfloor of the building, but the main sign on the premises is that of TWA.

Police believe that the attacks could be linked to the imprisonment last week in Madrid of two Shi'ite gunman. They were sentenced to 23-year jail terms in connection with the attempted murder of a Lybian diplomat in Madrid last year.

One o fthe original demands made by the hijackers of the TWA plane, concerned the release of the two Shi'ites held in Madrid.

Paul Betts in Paris investigates Sofretu's profitable underground order book

Metro masterminds export drive

THE PARIS metro, one of the world's most efficient underground transport systems, has long acted as a major promotional vehicle to help large French industrial groups win big export orders.

Recently, French companies have chalked up new orders totalling nearly FFr 3bn ($325m) for equipment and services for the extensions of the Caracas and Mexico City subways. And several other big deals in Algeria, Jakarta, in the U.S. and China are in the pipeline.

Acting as a locomotive for many of these large orders is the Paris metro's own engineering subsidiary called Société Francaise d'Etudes pour le Transport Urbain – Sofretu for short.

Sofretu, which is 70 per cent owned by the Paris transport authority RATP and 30 per cent held by six leading nationalised banks, was set up 20 years ago to conceive and manage major turnkey underground projects abroad.

These included the Montreal metro, Mexico City, Santiago in Chile, Caracas, Rio, Cairo, Tehran (before the project was abandoned with the revolution). More recently it has been working on the Algiers underground project and also on the Lagos underground project which, however, has since been interrupted.

"For 15 years Sofretu sought big turnkey projects. Our strategy now is much more diversified," says M Claude Quin, chairman of the RATP and the only remaining member of the French Communist Party still in high public office since the Communists withdrew from the left-wing governing coalition last summer.

"We are now offering countries and cities abroad solutions to improve and resolve their urban transport problems. Sometimes this involves the construction of a metro but we also look at ways of improving bus systems. We propose tramway networks and also new high tech automated rapid transport systems such as the Val and Aramis systems conceived by the French Matra group," he explains.

In an increasingly competitive environment, Sofretu has increasingly been involved in putting together financial packages to finance export projects.

"Our competition is not just rival engineering groups but the International Monetary Fund. The IMF is a very serious competitor in that its *short-term* approach to developing countries has put a squeeze on their urban transport programmes," argues M Quin, who from the beginning of this year has taken direct charge of the RATP's international activities.

"The financial problems of our traditional clients in Latin America and Africa have forced us to look for new markets and offer new services. We have thus organised ourselves to boost our presence in the Far East and in the North American market," he explains.

In the Far East, M Quin is looking at Indonesia, Malaysia and Thailand as well as China. "There are good prospects for the metro of Peking, Canton and Shanghai although the competition will be very tough."

In the U.S., Sofretu has just linked up with a U.S. partner, Lumus-Crest, to form a joint venture which the French group hopes will help open up new markets.

France is already near to clinching a $1bn project to install Matra's high technology automated Val rapid transport system in Orlando, Florida. A Val system is already in operation at Lille in France. "We are putting the financial package together and we hope it will be approved this summer. Orlando has already accepted the technology and design of the Val project," M Quin said.

M Quin also sees openings for France to supply tramway systems to middle-sized U.S. cities. At a time when Federal government funds have dried up for local urban transport projects in the U.S., local authorities have been looking at less costly alternatives to resolve their urban transport problems.

Tramways are about one quarter of the price of a metro, costing less than FFr 100m per kilometer to construct compared with between FFr 400m–500m per kilometer for an underground system.

In the U.S., Sofretu has also won contracts to help modernise New York's subway. M Quin sees North America offering opportunities for France to offer its high technology developments and products for urban transport systems. "It is clearly much more difficult to sell these products at present in developing countries," he adds.

The geographical diversification of Sofretu's activities also extends to the Soviet Union where the French company has an agreement to co-operate with the Russians in the field of automation of transport systems.

"Although the Soviets are well established in the subway business with eight metros already in operation and another eight in the pipeline we are more advanced in automation," says M Quin.

Sofretu and the Soviets are also envisaging collaboration to clinch the contract for the extension of the Athens subway. "The Greeks asked if we would link up with the Soviets and I saw no reason why we shouldn't," remarked M Quin, who although a member of the French Communist Party has always sought to convey the technocrat image of a professional business manager at the head of the RATP.

M Quin also said that a U.S. engineering group was now interested to work with Sofretu and the Soviets on the Athens project. "It will become the United Nations of the metro." The Athens project is to be phased over 10 years with the Greeks seeking to hold down the investments to about 1bn drachmas a year.

Sofretu is also interested in Buenos Aires subway plans but there again the problem is one of financing.

The chairman of the Paris metro believes that urban transport will become an increasingly crucial problem for developing countries and that unless they are resolved they could turn into a major economic handicap for these nations. "If a city does not have an efficient system its entire economic life can be blocked."

He claims there is a real danger if financing, especially from international institutions like the World Bank, is not available to support urban transport projects in cities like Mexico or Sao Paulo which according to the United Nations are expected each to grow to more than 20m people by the end of the century.

"The UN is also estimating that cities like Calcutta, Rio, Shanghai, Bombay, Peking, Seoul, Jakarta, Cairo, Karachi and Buenos Aires will grow to 15m – 20m people each by the year 2000."

M Quin feels that France is well placed when the turnkey export market for big urban transport projects picks up again. "Our big advantage is that we have 85 years of experience of a working metro. Many people can build tunnels, supply equipment and electronics but very few can do it altogether and guarantee that the system will work."

Fabius and party leader agree to patch up row

BY OUR PARIS CORRESPONDENT

M LAURENT FABIUS, French Prime Minister, and M Lionel Jospin, the Socialist Party leader, have agreed to patch up their damaging quarrel over the running of the party's campaign, *for the March Parliamentary* elections.

A face-saving formula is expected to be put to the party's executive committee on Saturday. M Jospin had initially said that if the executive committee failed to support him, he was prepared to resign.

The compromise was initiated by President Francois Mitterrand to prevent the split further damaging the party's chances in the March election. Party officials however privately judge that both men have emerged weakened from the conflict and that fundamental differences still remain.

M Jospin is seen as having successfully thwarted M Fabius from seizing control of the campaign from the party leadership.

The flashpoint for M Jospin was the Prime Minister's organising an election rally at Marselilles three weeks ago independent of the party and of projecting a centrist, "Republican Front" image that effectively buried any mention of socialism.

In threatening to resign, M Jospin is also judged to have made undue use of his heavy artillery.

M Fabius, as Prime Minister, had the satisfaction of seeing President Mitterrand give him the slight advantage over M Jospin in defining their respective *roles.*

But the quarrel has also made clear the weakness of M Fabius' own position in the party and the unpopularity among the rank and file of a centrist, liberal image.

Party officials believe the compromise will survive the party's Congress in Toulouse in October so that it will go into the election with a semblance of unity. But the differences could explode later.

The fundamental dispute is over the future shape of the party and its strategy.

M Jospin — like M Pierre Mauroy, the former Prime Minister — believes the party must remain determinedly left-wing, and keep open the possibility of another link-up with the Communists.

M Jospin thus has his eye on the Left returning to power *after a period in Opposition.*

M Fabius' aim is to widen the appeal of the party to win support from the Centre and even the Right in advance of the 1988 Presidential election.

He believes a consensus exists for middle-of-the-road policies and that the Socialists should adjust their sights to this.

Spain looks to Chadli visit for better relations

By Tom Burns in Madrid

PRESIDENT Bendjedid Chadli of Algeria arrived here yesterday for a two-day state visit which the Spanish authorities hope will put an end to past disputes over Algerian gas and revive once buoyant trade between the two countries.

Mr Chadli's arrival was preceded by Spain's payment last week of $250m to Algeria in part compensation for contracted liquefied natural gas which Spain had agreed to purchase a decade ago but failed to lift.

A further $250m has still to be paid to complete the indemnity according to an agreement signed last February. Under the deal, Spain obtained a 20 per cent reduction of the "take or pay" contracted purchases of liquefied natural gas, and in return agreed both to pay compensation and to purchase future Algerian gas at the so-called "European price" of $3.89 per million British thermal units.

The chief casualty of the gas dispute was Spain's export trade to Algeria. In the past *two years,* Spain has lost more than a third of its commerce in goods and services to Algeria. At their peak, Spanish exports to that country totalled more than $1bn a year and Algeria was Spain's sixth ranking customer.

The Madrid authorities allege that Algeria began to freeze Spanish interests from 1983 onwards and discriminated against Spanish companies in a bid to settle the LNG exports dispute. Since 1983, Algeria has slipped to 13th place among customers of Spanish exports.

A visit to Algeria last March by Sr Felipe Gonzalez, Spain's Prime Minister, obtained what officials here called promises of increased commerce, but these have been slow in materialising.

Aer Lingus in bid to beat pilots' strike

By Our Dublin Correspondent

AER LINGUS yesterday signed leasing contracts worth a potential I£3m (£2.4m) against the eventuality of the Irish airline pilots' strike, planned to start from midnight last night.

The pilots were to hold a four-day stoppage in protest against the abzsence of a new pay agreement to replace the deal which expired at midnoght on Sunday.

The company has arranged to lease more than 15 wide-bodied jets, DC8s and Boeing 727s, together with their crews, from a number of other carriers to try to maintain a service on their key transatlantic and London-Dubli routes.

Moscow's call to order worries its allies

BY LESLIE COLITT IN BERLIN AND DAVID BUCHAN IN LONDON

THE Soviet Union's East European allies appear deeply concerned about Moscow's recent warning that they should stop trying to conduct foreign policies towards the West which deviated from the Soviet line, or to pursue economic policies which expand their private sectors.

The weighty warning was made on June 21 in a lengthy article in Pravda, the official Soviet Communist party newspaper, signed O. Vladimirov. This pseudonym is believed by Western analysts to be used by *senior members* of the Soviet Foreign Ministry.

East European officials said that the Soviet leadership *apparently wanted to* "discipline" East Germany and Hungary *for trying to maintain,* with varying success, a dialogue with West Germany and other Western countries that was not wholly orchestrated by Moscow.

The most dramatic clash on this issue came last September when President Erich Honecker cancelled a trip to West Germany at the last minute. In a recent interview in Moscow, Mr Valentin Falin, a former Soviet envoy to Bonn and now senior commentator on the Izvestiya newspaper, said it was difficult to say when the time might be ripe for a meeting between Herr Honecker and *Chancellor Kohl. It depended* on Bonn taking a less "nationalistic, chauvinist" attitude.

Mr Falin, one of Moscow's best informed German experts, said he knew that Herr Kohl, "after recent policy failures," was interested i nsuch a meeting, but he could not speak for Herr Honecker.

The Pravda article noted pointedly that there could be no question of small socialist countries "mediating" between Moscow and Washington. Soviet foreign policy, it stated flatly, was "identical" with the "nucleous of world socialism" on international issues.

The newspaper claimed that "deviations" from the Marxist-*Leninist path were linked with* "nationalist tendencies." Nationalism which "takes the form of covert or even overt Russophobia and anti-Sovietism" undermined the unit of the socialist camp.

Of equal concern to some East European reformers was the Pravad sideswipe at reforms aimed at "weakening centralised planning, propagating market competition and increasing the size of the private sector." This is, for instance, the essenceof the Hungarian reforms. "The expansion of the private sector" is, according to Pravda, "fraught with serious economic, social and ideological consequences."

Sweden's GDP growth slows in first quarter

BY DAVID BROWN IN STOCKHOLM

THE GROWTH in Sweden's gross domestic product, which climbed by 3 per cent last year, slowed in the first quarter of 1985 to 1.5 per cent, compared *with the same period a year* earlier. It also fell by an adjusted 1 per cent from the fourth quarter last year.

Much of the increase, moreover, was generated by the sharp rise in domestic demand, reports Statistics Sweden. The volume of imports of goods and services surged by 9 per cent, but exports tumbled by 6.5 per cent, which is by far the largest drop since 1981.

According to preliminary figures released by the Riksbank (central bank), Sweden's deficit on the current account for the first five months surged to SKr 11bn (£978m), compared with the surplus of SKr 3.5bn a year earlier. The April deficit was SKr 2.5bn, up from SKr 1.9bn the previous month.

The high rate of domestic demand in the weakening current account situation prompted a series of crisis monetary and fiscal measures from the Riksbank and the Government in May. These pushed real interest rates in Sweden to the highest level in Europe.

Industrial production is reported to have climbed by 3.5 per cent in the first quarter, compared with the same period last year, but to have fallen by a seasonally adjusted 2.5 per cent from the last three months of 1984, due in part to severe winter weather conditions and high absenteeism. Gross investments continued to grow—up by 4.5 per cent from the year earlier—while industrial investment increased by 7 per cent.

However, the Federation of Swedish industries warned that high interest rates and inflation have held back industrial investment and seriously hampered competitiveness in foreign markets. According to the Federation, GDP will grow by only 1 per cent (or half the Government's 2.5 per cent forecast for 1985) and by half a percentage point in 1986.

Solidarity call fails to spark wave of strikes

By Christopher Bobinski in Warsaw

THERE WAS little outward sign of a response yesterday by Polish workers to Solidarity's call for a one-hour protest strike against meat price rises.

In Warsaw, the factories appeared to be working normally between 10 am and 11 am when the *stoppage was scheduled,* and the police were nowhere to be seen on the streets.

As in the past, on occasions when thebanned union has called for token strikes, news of isolated stoppages is expected to trickle through over the next weeks, but in the main the call *yet again failed to spark a new* wave of strikes.

In Gdansk, however, Mr Lech Walesa, the Solidarity leader, professed himself satisfied with the response tothe call for protests by his fellow workers at the Lenin shipyard, where he, too, is employed.

Emerging from work yesterday afternoon, he said: "I am very satisfied about the attitude of the shipyard, which makes me absolutely sure about the victory of the ideals of August, 1980."

Mr Walesa was referring to the strikes five years ago, which gave birth to Solidarity, and the reform movement accompanying it. Management at the shipyard yesterday emphatically denied that normal working had been disrupted, despite Mr Walesa's implied assertion that a fair number of the workers had protested.

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Curbs worry Italian machine tool industry

BY ALAN FRIEDMAN IN MILAN

GROWING trade protectionism could harm Italy's machine tool industry, the president of the Italian machine tool association warned yesterday.

Dr Pierluigi Streparava, president of Ucimu, said he was particularly worried that in the wake of the recent U.S. trade measures on pasta and signs that Washington was clamping down on shoe imports, the machine tools industry might be next in line.

"We are concerned that between today and tomorrow, anything can happen," he explained. Behind the fear of new measures that might affect the Italian machine tools industry, fifth largest in the world, is evidence that there may already be discrimination on the part of U.S. defence contractors which are steering clear of foreign machine tools equipment.

Last year, Italian machine tools exports to the U.S., totalled L101.6bn ($52m) or about 10 per cent of total Italian machine tools exports. Total Italian machine tools sales last year fell by 3.9 per cent in dollar terms, to $996m – exports from Italy were down by 5.9 per *cent last year, to $557.8m.*

The U.S. last year was the second largest importer of machine tools after the Soviet Union. U.S. imports totalled $2.6bn, up by 32.7 per cent. In all, the U.S. absorbed 17 per cent of world machine tools production.

According to the latest figures, to be released by Ucimu today, the Italian machine tool industry last year saw its share of the world market drop to 4.8 per cent from 5.3 per cent in 1983. The U.S. market share in global terms rose to 12.8 per cent from 10.8 per cent in 1983.

Dr Streparava's concern over protectionism follows his assertion last month along with Herr Bernhard Kapp, president of the West German machine tools association, that the weakened position of European manufacturers was in part due to Japan's "exceptional performance." Japan was one of the causes of the crisis in other countries, Dr Streparava said.

Pöhl warns bankers on danger of dollar crash

BY DAVID MARSH IN PARIS

THE DANGER of a "crash landing" of the dollar is growing as a result of the continuing rise in the U.S. *current account deficit* and the rapid build-up of America's foreign debt, Herr Karl Otto Pöhl, president of the West German Bundesbank, said yesterday.

He told a bankers' meeting in Paris that he was still "slightly optimistic" that the dollar would make a "*soft landing*" by descending gradually from its present high levels as Washington took action to lower the budget deficit and bring down interest rates.

Mindful of previous, until now unfulfilled, central bankers' forecasts over the past few years of an *imminent dollar fall, Herr Pöhl said* the timing of any dollar correction could not be forecast.

But "there has to be a correction sooner or later," he said, adding that the high dollar was causing "suffering" to the U.S. economy by drawing in imports and that America *was on the way to becoming* "the biggest debtor country in the world."

Herr Pöhl, in a speech before the French Banks Association, also issued a new implicit call for France to take further action to lower exchange controls to strengthen the European Monetary System.

He said the free integration of monetary and capital markets in Europe, together with the full entry of the UK into the exchange rate scheme, were among the prerequisites for further development of the EMS.

Herr Pöhl said he "appreciated" the moves by France and some other EEC countries to loosen exchange restrictions in recent months.

He also praised co-operation in policing the exchange rate system between the Bundesbank and the Bank of France. The latter has been partly responsible for a DM 30bn ($9.9bn) increase during 1984 of D-Mark reserves held by foreign central banks.

Albania to invest more in energy and minerals

BY PATRICK BLUM IN VIENNA

ALBANIA WILL intensify the development and exploitation of its energy and mineral resources as a priority during its next five-year plan, which starts in 1986. The authority's aim is to improve the country's energy balance and boost revenues from energy and raw material exports, the Albanian news agency, ATA, said yesterday.

In common with all East European countries, Albania suffered from severe disruptions in energy supplies during the winter. But it is rich in minerals, such as nickel and chrome, and has enough oil to satisfy domestic needs, as well as sell additional production to Italy and Switzerland. It also has natural gas but this is used for private and industrial consumption, while some electricity is exported to Greece.

Under the plan now being drafted, more will be invested in the mining industry, to increase output of chrome and nickel, as well as develop the extraction and production of new minerals, including bauxite and dolomite. Officials here say, however, that Albania does not intend to seek foreign capital to help finance these developments. Its policy will continue to be based on strict self-reliance.

The metallurgical and engineering industries are also earmarked for faster growth, with the introduction of new technologies in some sectors.

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S. African mines hit as 20,000 black workers walk out

BY JIM JONES IN JOHANNESBURG

ALMOST 20,000 black workers went on strike over wages yesterday at three South African gold mines while about 8,000 men who had struck at two other mines over the same issue returned to work after being threatened with dismissal.

The five mines are managed by Gencor, South Africa's second largest mining group.

About 8,000 men struck at the Bracken and Leslie gold mines on Friday and Saturday last week after being told of unilateral wage increases which were to be implemented on July 1. Management warned them that the strike was illegal and that men who failed to report for work on Monday morning could be dismissed.

Yesterday 170 men who failed to report for work at Bracken and 390 at Leslie were fired. The same warning has been given to men who downed tools yesterday at the Winkelhaak, Kinross and Beatrix mines.

Winkelhaak and Kinross are neighbours of Bracken and Leslie and the four mines together form the Evander gold field of the Transvaal.

Beatrix is a recently established mine in the Orange Free State. Mr Harry Hill, a spokesman for Gencor, said that none of the five mines recognises the all-black membership National Union of Mineworkers (NUM), which claims a membership of about 110,000, equivalent to about one-fifth of the gold and coal mining industries' 550,000 black employees.

Negotiations were in progress late yesterday afternoon between management and "representatives" of the men with a view to ending the strikes.

● The South African Medical and Dental Council (SAMDC) yesterday began a disciplinary inquiry into the conduct of two doctors who treated black consciousness leader Steve Biko shortly before his death in police custody in 1977.

The inquiry, which is expected to last most of this week, was ordered by the Transvaal Supreme Court following an application from six doctors who maintained that the medical profession's reputation had been damaged by the SAMDC's persistent earlier refusal to investigate the two doctors' conduct.

● Mr Cromwell Diko, a Deputy Minister in the Cabinet of Transkei, South Africa's first so-called independent black homeland, was shot dead by an unknown person on Saturday night. News of the assassination was delayed until yesterday.

Urenco's use of Namibian uranium faces court test

BY OUR DIPLOMATIC STAFF

THE UN Council for Namibia is starting detailed preparations of the suit it is bringing in the Dutch courts to halt the use by Urenco of uranium from Namibia (South West Africa).

Urenco, jointly owned by British Nuclear Fuels and its Dutch and West German counterparts, is major West European consortium specialising in the enrichment of uranium for commercial and military purposes.

The UN Council is to select in the next few weeks the Dutch lawyers who will present its case in the Netherlands. The UN case is expected to be ready for presentation before the end of the year, according to Mr Noel Sinclair, acting president of the council, who spoke in London yesterday.

The UN case is based on successive resolutions of the General Assembly and the Security Council which have declared illegal the continuing occupation of Namibia by the South African Government and the exploitation of its natural resources without the permission of the Namibian people.

If the UN action, the first civil proceedings to be undertaken in national courts by the UN, is successful, it could cause problems to the three-nation consortium and leave the way open to action in the British and German courts.

Urenco would not comment on Mr Sinclair's remarks yesterday.

Ethiopian troops clear refugee camp again

ETHIOPIAN government troops have forcibly cleared a refugee camp at Ibnat, central Ethiopia, for the second time in less than two months, writes **John Murray Brown in Khartoum.**

Reports from Western diplomatic sources based in the Ethiopian capital of Addis Ababa said that during the past few days 30,000 people had been expelled from the camp, in Gondor province.

Province workers at the camp had been told that they faced "dire retribution" if they interfered. No contact was possible with Addis Ababa, but the head office of one of the agencies working at the camp confirmed the reports.

Shenzhen 'may fail'

Deng Ziaoping, the Chinese leader, has said the Shenzhen special economic zone, near Hong Kong, is an experiment which may still fail, according to an article in People's Daily **reported by Reuter from Peking.**

"We hope it will succeed, but if it fails then we can draw experience from it," Deng was quoted as saying.

Seoul compensation

China has agreed to pay $470,000 (£364,000) to South Korea in compensation for the sinking of a Korean fishing boat after collision with a Chinese freighter in April, reports **Steven B. Butler from Seoul.**

The settlement, reached in negotiations held in Hong Kong, is the first payment involving a civil dispute between the two countries. China and South Korea have no diplomatic ties.

Rafsanjani in Tokyo

Hashemi Rafsanjani, speaker of the Iranian Parliament, arrived in Tokyo yesterday for a five-day official visit to Japan, one of the few nations to maintain good relations with both sides in the Iran-Iraq war, **reports AP from Tokyo.**

Punjab appointee

Mr Rajiv Gandhi, the Indian Prime Minister, has appointed a new president of his governing Congress Party in the troubled state of Punjab after ousting three leaders accused of being close to Sikh terrorists. **AP reports from New Delhi.**

Rajinder Singh Sparrow was named to the post on Sunday, according to a party statement.

David Lennon reports from Tel Aviv on the coalition's latest austerity programme

Israelis experience an economic deja vu

ISRAEL'S economic austerity programme is being introduced against a background of resurgent hyper-inflation, a dangerous decline in foreign currency reserves and the reluctance of the U.S. Administration to deliver emergency economic aid until Israel first tries to put its house in order.

The announcement in cutting the Government's budget, freezing prices and wages, firing thousands of civil servants and, of course, a devaluation of the shekel has a very familiar ring to it. So does the proclamation that this is designed to end hyper-inflation. Even the all-night Cabinet session which preceded the decision brought a sense of deja vu.

The only really new element is the decision to suspend the automatic linkage of wages to the inflation index and the use of emergency orders to impose this along with a price freeze. This move also produced something new, a 24-hour nationwide strike today which will paralyse the economy and cut the country off from the outside world as ports and airports are shut down.

Mr Shimon Peres, the Prime Minister, needed all of his personal prestige and power as head of the Government to push through the programme. He warned his Cabinet colleagues that failure to approve the programme would lead to the dissolution of the coalition.

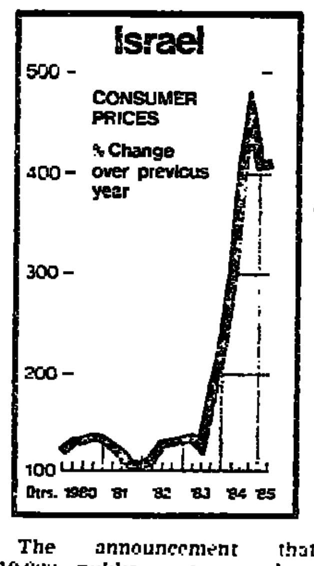
At the end of the marathon session. Mr Peres told the nation that there was a danger of economic collapse if action was nott aken. He issued an appeal to all Israelis: "I call on every housewife and citizen to put the nation's needs first so that all of us together can overcome the tremendous difficulties we face."

However, not everyone within the Cabinet was convinced that this is the way to cure the economy's ills: seven Ministers of the right-wing Likud block voted against the plan; and the number two man in the Labour Party, Mr Yitzhak Rabin, the Defence Minister, abstained.

Given this sort of resistance within Cabinet and the immediate response of the unions, the Premier will indeed have his work cut out making this programme stick.

The biggest problem, says Mr Peres and Mr Yitzhak Modai, his Financial Minister, will be implementing the crucial $750m budget cut. Last September, when the National Unity Government came into office, it announced a $1bn cut in government spending. A similar cut was announced with the new budget in April.

It is now generally acknowledged that these cuts were not fully implemented, that many Ministries simply continued to overspend relying on supplementary budgets to help them finish the year. Few believe that the latest trimming of the $23bn budget will fare better.



The announcement that 10,000 public sector workers are to be dismissed within a month has brought a warning of general strike by civil servants union. However, this reaction may be premature because last September it was decided to fire 4,574 civil servants, all of whom are apparently still at their posts.

The prices of goods and services are being jacked up before the price freeze goes into effect. The subsidy cut on basic commodities has pushed up the price of bread 75 per cent, while milk and dairy products are not far behind. There is also an across-the-board increase of 17 to 35 per cent for all other goods and services.

The goal of all this is to lower the standard of living by 5 to 10 per cent, according to the Treasury, which rightly argues that Israelis have long been living at a standard way above the level of their productivity.

Mr Modai is also convinced that his new programme, after pushing inflation up to a record-breaking monthly rate of 25-27 per cent in July, will bring it down tosingle figures by September, the end of the three months' emergency period.

Will it work? That is anybody's guess; but on the track record of recent Israeli governments, the chances can hardly be rated higher than 50-50. The failure to include any measures to try to improve tax collection or to fight the underground "black" economy could well be its undoing.

This does not apepar to worry the Premier or Finance Minister: both had their eyes firmly fixed on Washington when they announced this plan. When asked how he thought the Americans would react, Mr Modai said, with a broad smile: "They'll love it."

That may indeed be the key to the latest economic measures. Washington has already approved a two-year emergency economic aid package of $1.5bn, with $750m due to be paid over before October.

However, the U.S. has been delaying the transfer as a form of pressure on the Israeli Government, which U.S. economic experts believe has failed to take sufficiently harsh or effective measures by itself to overcome its economic problems.

One of the key requests of the U.S. was for Israel to end the automatic compensation which wage earners receive to offset the impact of inflation. The U.S. economists, among others, believe that this fuels inflation and made it impossible

With this linkage severed for at least the three months of the emergency regulations, and a promise from the Government that it will try to enshrine this change in legislation which will do away with it permanently, it should not be too long until the desperately-needed emergency aid arrives.

Foreign currency reserves fell another $73m last month, bringing them below the $2bn mark. This places the nation perilously close to the point where it can no longer pay for essential imports.

This is the message the Treasury gave to the Cabinet and is giving to the nation. But the appeal for co-operation may fall on relatively deaf ears because the public, which has just witnessed the failure of the voluntary wages and prices pact, has little faith left in the ability of its Government to control the economy.

Hawke lobbies for tax reform

BY MICHAEL THOMPSON-NOEL IN SYDNEY

NAILING its colours firmly to the mast, Mr Bob Hawke's Australian Labour Government claimed yesterday that its controversial tax reform package gave it "an historic opportunity to improve the lot of the great majority of Australians."

At the opening of a week-long "tax summit" in Canberra, Prime Minister Hawke sought to dampen opposition to the Government's tax plans by giving an unqualified assurance that lower income earners would be protected against "unforseen effects" of tax reform.

Mr Hawke said the Government would establish an independent monitoring authority to gauge carefully the effects of tax reform, and that if unforeseen factors affected the lower paid, they would be rectified at once.

This was a major political gesture, and could smooth the way for Labour's tax plans.

The opening of the "summit" —attended by business, union, and comumnity leaders — was marked by a protest rally of more than 20,000 farmers, who staged the biggest demonstration seen in the capital.

The Government wants to bring in a 12.5 per cent consumption tax, similar to VAT, with which to pay for major reductions in personal income tax. At the same time, it hopes to launch a crackdown on fringe benefits, tax avoidance, and tax shelters such as gold mining

If it succeeds, tax reform will rank alongside financial deregulation to date. If it fails, both Mr Hawke and Labor will be in peril.

This week's "summit" will produce no firm results, but is part of Labor's consultative approach. Legislative proposals are expected before the end of the year.

Mr Paul Keating, the Australian Treasurer (finance minister), said yesterday that tax avoidance, shelters, fringe benefits and other structural weaknesses were costing the tax system at least A$5bn (£2.5bn) yearly, and that the losses could double within three years.

The Government hopes to reduce income tax rates by an average of about 30 per cent.

Mr Keating said reform of the system was not optional but imperative.

Bangladesh budget sees 5.5% GDP growth

BY SAYED KAMALUDDIN IN DACCA

THE BANGLADESH Government yesterday presented its Taka 71,390m (£2,010m) budget for fiscal 1985-86 (July 1 to June 30) emphasising increased industrial and agricultural production to achieve a modest 5.5 per cent gross domestic product growth.

Finance adviser Mr Syeduzzaman, while presenting the budget at the old parliament building, said that the overall budget deficit during fiscal 1984-85 was 51.5 per cent. This has been reduced to 47.4 per cent in the new budget allocations.

The budget deficit will be met out of foreign assistance receivable in loans and grants and nearly Tk 2bn from new taxes.

During fiscal 1984-85, GDP grew only 3.8 per cent because of successive floods which damaged about 1.5m metric tonnes of foodgrains. Foodgrain production in this agriculture-based country has been set at 16.5m tonnes for 1985-86 compared to 15.8m tonnes in 1984-85. This represents a 5.5 per cent growth rate.

Other sectoral growth rates of the economy are: industries, 7.5 per cent; power and natural gas, 16 per cent; and transportation, 5.5 per cent.

Priority has also been given to population control and human resource development.

AMERICAN NEWS

General Electric wins union concessions on medical costs

BY TERRY DODSWORTH IN NEW YORK

GENERAL ELECTRIC, the U.S.'s largest electrical and electronics group, is believed to have wrung substantial concessions on medical costs from its main unions as part of a three-year wages contract.

Tentative agreement on a deal covering 74,000 of the group's U.S. workforce was announced by the company yesterday. *The* contract proposals will now be put to a number of union comittees for ratification, before being put to the shop floor membership for a vote next week.

No details of the deal, which mainly involves the International Union of Electrical Workers (IUE) and the United Electrical Radio and Machine Workers (UE), have been released.

But General Electric made it clear at the beginning of the negotiations seven weeks ago *that it was looking for ways of* containing costs, while the unions indicated that they would give concessions on wages and benefits in return for more job security.

The agreement is believed to follow these broad lines, on the pattern of the pace-setting contract at General Motors last year, in which the company won a non-inflationary settlement in return for more expenditure on job retraining

One of the demands of the GE unions was that the company should provide help in finding new opportunities for displaced workers, where possible within the corporation.

The emphasis on job security derives from the steady decline in jobs in the U.S. electrical sector under the assault of imports from the Far East.

General Electric has cut its total employment in the U.S. from a peak of 289,000 in 1981 to 241,000 last year.

Mr William Bywater, president of the IUE, said at the be*ginning of theco ntract negotia*tions that there was no sense in winning huge wage increases "if our members aren't going to have a job in six months."

In the last contract talks during the U.S. economic recession in 1982, the electrical unions won what now look to be spectcularly high settlements at both GE and Westinghouse.

The companies calculate that their wages costs in the three years since then have risen by about 20 per cent, much more than the rise in thecost of liv*ing, or, says GE, "the increases* that competitors have paid their workforces." Health care costs, GE adds, went up by 11 per cent in 1984 alone, against a 6 per cent average rise for the whole of the U.S.

Westinghouse, the smaller of the two big U.S. electrical groups, which traditionally follows the pattern of the GE Agreement, *is also* negotiating

The Pittsburgh-based company has set out an even tougher strategy than GE in its bid to contain costs, saying that for the first time in 30 years it is prepared to abandon its policy of giving broadly the same contract to its workers.

Managua accuses U.S. of plotting pretext for invasion

TOMAS BORGE, Nicaragua's Interior Minister, yesterday charged that the Reagan Administration was willing to stage a phoney "Nicaraguan" attack on the U.S. embassy in Nicaragua, as a pretext for an invasion, Reuter reports from Nicaragua.

"They could use as a pretext a self-staged attack against the U.S. Embassy in Nicaragua. The situation is very dangerous now that the U.S. Congress has authroised Reagan to invade Nicaragua if he can find a pretext," he said.

Sr Borge said another possible pretext could be the staging of a fake Sandinista attack on Costa Rica.

The U.S. Congress last week approved a ban on U.S. troop deployment in Nicaragua but adopted waivers in case of im*mediate danger for Washington* or its allies.

These provisions waive the troop ban if there is "a clear and present danger of hostile attack," if Soviet fighters or nuclear weapons are introduced into Nicaragua or in response to hijacking or terrorist attacks.

Developing countries show rise in exports

By Stewart Fleming in Washington

EXPORTS FROM developing countries rose for the first time in three years in 1984, a rise, which, when coupled with a further deline in imports, produced a developing country trade surplus of $10.9bn (£8.38bn), the first such surplus since 1981 the International Monetary Fund reported yesterday.

The improvement in the developing world's trade balance has been an important factor helping countries cope with the heavy burden of their in*ternational debts.*

The IMF, in its July issue of International Financial Statsitics, said exports staged a strong recovery while imports continued to decline. pace.

The value of exports of the developing nations in U.S. dollar terms expanded by 4.5 per cent to $521.2bn in 1984 *—in spite of a 1.0 per cent* decline in export unit values and a 4.3 per cent effective appreciation ofthe dollar in terms of the value of the special drawing right. Imports declined by 1.1 per cent to $510.3bn.

The export gain was the first for three years and followed a contraction of 5.9 per cent in 1983. Exports in 1984 remained 15.3 per cent below the 1980 level. However, the import reduction in 1984 was the third consecutive annual *decrease.* The trade surplus of 1984 fort he developing world contrasted with a deficit of $17.2bn in 1983.

The overall export increase masked divergent trends between regions, with Asian developing countries showing increases in exports of 13.1 per cent, African exports were unchanged and exports from Middle Eastern countries fell 5.4 per cent, a reflection of trends in oil markets.

● The continuing strength of the U.S. construction industry *was underlined yesterday* when the Commerce Department reported that construction spending in May rose 1.5 per cent, slightly above the 1.4 per cent increase recorded in April. The May rise left construction spending 8.8 per cent above its level a year ago.

Construction of residential buildings in May rose 1.6 per cent compared with a 1.2 per cent increase in April.

David Gardner, recently in Monterrey, assesses the Opposition's election chances

Stronger poll challenge for Mexico's rulers

FOR THE first time since the 1910-20 Mexican revolution, the essentially one-party regime which arose from it is struggl*ing* to create a new basis of popular support for itself at *the polls.*

Sporadic challenges to the near-monolithic sway of the Institutional Revolutionary Party (PRI) influence which *the party has tried increasingly* to channel through more open elections over the past decade —have been dissipated by cooption, electoral fraud, or outright repression.

Mexico's Opposition, confined to bit parts throughout the PRI's 56-year rule may for the first time get a glimpse of centre stage in elections for Congress and seven of 31 state Governorships on July 7.

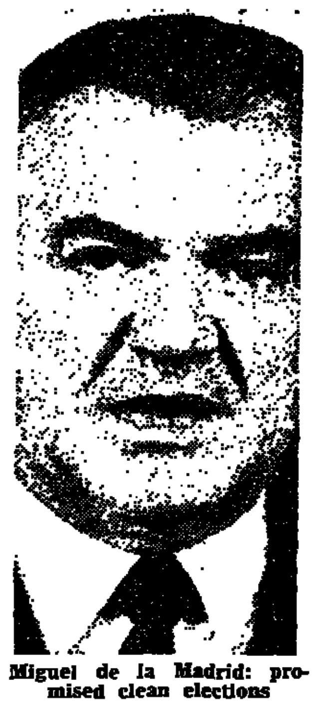
The strongest Opposition group, the right-wing National Action Party (PAN), will almost certainly increase its token parliamentary strength and could win two Governorships. The PRI has never before let go of a state government although *on two occasions* it lost the vote. The badly fractured Mexican left is also likely to raise its representation.

In several respects, the PRI is a victim of its own success. *The dynamic development* over which it has presided *encouraged the emergence of* an assertive business class, a restless middle class, and a fast-growing urban working class, largely organised by pro-Government unions but potentially a powerful independent force.

The PRI has tried to shepherd these forces by encouraging the *idea of democracy, while* gradually opening up its de facto one-party state, particularly to the traditionally repressed left. After Mexico's financial collpaase in 1982, with little else to offer except austerity, President Miguel de la Madrid came into office promising clean elections and a crackdown on corruption, in a bid to restore the prestige of the presidential regime and the PRI's credibility.

So conditions were ripe for what some commentators here have described as "electoral insurrection." The PAN, with just over 16 per cent in the 1982 presidential elections, won a string of major cities throughout the northern border states in 1983. The left, which taken together polled 8 per cent in 1982, began to make some headway in the depressed south.

The PRI panicked, and once more resorted to what is known popularly as "alchemy" to steal



Miguel de la Madrid: promised clean elections

several subsequent contests. The spectre of fraud hangs over these elections despite a public pledge from Sr de la Madrid that they will be fair.

The two states where PAN has a good chance are the northern private sector stronghold of Nuevo Leon (with Monterrey, the country's second most important city) and the north-western border state of Sonora. Both can be won cleanly by the PRI, which is throwing money and resources at them

The drama of this relative decadence of the ruling party is increased by the fact that PAN, as it stands, is clearly no alternative. It has no leaders of established national standing, no coherent programme and is unlikely to acquire anything like the resources it needs to compete with the PRI until it does.

While PAN pulls in a large middle-class protest vote and has the sympathy of growing sectors of business, it is difficult not to believe that much of Mexico's middle classes have outgrown the right-wing party, even as they turn away from *the PRI.* Wherever the heart of business might lie, its wallet is with the PRI.

Mexico's largest private companies, for example, based in Monterrey, could probably not have survived the last three years without lavish financial suport from the Government. (This support has also preserved jobs despite the severity of the crisis, making trade unions less inclined to flirt with a left which often sounds like the PRI.)

As the PRI reads it, the drift towards Opposition is simply Mexicans' way of getting the attention of the Government and ruling party, which thereby becomes the only possible repository of national confidence.

Sra Irma Cue, the PRI's secretary general, said last month: "We are not going into these elections to measures ourselves against minorities, but to continue servicing the majority."

Despite growing support, the Opposition parties do not have the strength to refute these remarks in next week's elections. *The elections nevertheless* mark a watershed in that the debate preceding them has not been about policy but about the role of elections in Mexico, and *whether* Mexico's rulers are prepared to countenance the idea of change through the ballot box rather than exclusively through the PRI, which is then endorsed, by whatever means, at the polls.

Most analysts believe that Mexico's longer-term stability depends on the PRI inclining towards the *former position,* but only a small minority believe these elections will confirm that *this is the case.*

Battlefront advances on smokers in America

BY TERRY DODSWORTH IN NEW YORK

SMOKING in public is becoming steadily more difficult in the U.S. Banned from many cinemas and theatres, to say *nothing of a great chunk of the* public transport system, the smoker is now being taken on in restaurants and—perhaps critically—the work place as well.

Earlier this week, Mayor Koch of New York made a written request to the city's 15,000 restaurants to set aside special areas for non-smokers. His demand fo ra 25 per cent reserved section was a voluntary one, and fell considerably short of the more severe mandatory restrictions the anti-smoking lobbq has advocated.

But because of New York's importance in any trend-setting movement, it marked another significant victory in the war against tobacco.

The battlefront in the restaurants has been advancing in the New York area for several months. It began to move in earnest last August in Suffolk County, east of the city on Long Island, when restaurants seat*ing more than 50 patrons were* required to set aside at least a fifth of their indoor seating capacity as non-smoking sections.

Suffolk County's move has been followed in New Jersey, just across the Hudson River from Manhattan, where Governor Kean signed a Bill forcing restaurants to put up signs stating whether they have an area for non-smokers.

In New Jersey, the attack on restaurant smoking is part of a much wider assault which embraces public transport, supermarkets (already broadly conquered in New York City), the work place and public areas of Government buildings.

As in several other states, it will shortly be against the law *to smoke on most public* conveniences, and by December smoking will be prohibited in supermarkets.

The burgeoning attack on *smoking derives partly from the* feeling that smoke is unpleasant, dirty and irritating to non-smokers. But it draws most of its force from the argument *that passive smoking* — the exposure of non-smokers to fumes created by smokers — is dangerous to health, and therefore expensive to the community.

A report released recently by the Federal Environmental Protection Agency, for example, contended that passive smoking kills up to 5,000 people in the U.S. every year.

Corporate economics has added extra momentum to the arguments about health. A growing number of companies across America, but particularly concentrated in the New York area and West Coast areas, have reached the conclusion that smoking costs them a great deal of money and that it is worth trying to limit the habit in working hours.

Large employers who have already partially or fully banned smoking include Boeing, the aircraft manufacturer in Seattle, Burlington Industries, the North Carolina textile company, Grumman, the aerospace group based on Long Island, and Campbell Soup in New Jersey.

"It is the responsibility of management in any company to provide the cleanest, safest and most healthful environment possible for employees," said Mr Malcolm Stamper, Boeing's non-smoking president, introducing the ban.

Dr William Weis, an accounting don at Seattle University, argues that an employee who smokes can waste 6 per cent of his working time pandering to the habit, while taking 50 per cent more sick leave and using the health care system at least 50 per cent more.

Some academic estimates put the extra cost of employing a smoker at as high as $1,000 (£769) a year, and consultants expect Boeing to save $10m in applying its smoking ban.

The strongest work-place regulation of all so far seems to be in Gainesville, Florida, where the city passed a law last year saying that smokers must ask permission from every *other employee in their work* area before they can smoke.

Some academics believe that this sort of legislation, tough as it may sound today, will be *commonplace* in a few years' time; after all, they say, the anti-smoking movement only began moving in earnest 12 years ago, when the Civil Aeronautics Board decided that smokers should be confined to a special section at the back of the aircraft.

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

MAKITA ELECTRIC WORKS, LTD.

Further to our notice of February 21, 1985, EDR holders are informed that Makita Electric Works, Ltd. has paid a dividend to holders of record February 20, 1985. The cash dividend payable is Yen 9 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 9 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt	F. R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after September 20, 1985.
Amounts payable in respect of current dividends.

Coupon No. 9 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
10,000 shares	$360.79	$306.67	$288.63
1,000 shares	$36.07	$30.66	$28.86

Further to the notice of February 21, 1985, concerning the free distribution of shares (1 new for each 10 old), EDR holders are informed that the new shares are now available for delivery and should be claimed by presenting Coupon No. 10 to the Depositary or the Agent. EDRs will only be issued in Authorised Denominations of 1,000 shares, therefore any EDR holder not able to present coupons making up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars pursuant to Condition 5 of the Terms and Conditions.

Depositary:
Citibank, N.A.
336 Strand, London WC2R 1HB
June 28, 1985

Agent:
Citicorp Bank (Luxembourg) S.A.
16 Avenue Marie Therese

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WORLD TRADE NEWS

Lufthansa buys fleet of Boeing short-haul jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LUFTHANSA, the West German flag airline which over the past week-end announced \$2bn (£1.5bn)-worth of orders for a fleet of A-320 and A-300 Airbuses, is also to buy a fleet of smaller Boeing 737-300 short-haul jets for earlier delivery.

The latest deal, for ten 737-300s with an option on ten more, is worth over \$500m.

The aircraft are due for delivery from August next year, and will replace existing ageing 737s in the Lufthansa fleet. The 737-300s will use the Franco-U.S. (Snecma-General Electric) CFM-56 engines.

The Airbus order, already announced, is for 15 of the new 150-seat A-320s, due for delivery from 1989, with options on 25 more. They will be used to replace existing Boeing 727 tri-jets on routes in Europe and to the Middle East and North Africa.

These aircraft will use the new International Aero-Engines V-2500 engine, now under development.

At the same time, Lufthansa has ordered seven of the bigger A-300-600 twin-engined wide-bodied medium-range jets, with options on three more, for delivery from 1987.

These aircraft will use U.S. General Electric CF6-80C2 engines, and will fly on longer routes, such as those from West Germany to the Middle East, and Africa, where the airline currently uses McDonnell Douglas DC 10s.

The DC-10s thus "freed" will be used by Lufthansa to develop various other routes involving greater distances.

Lufthansa remains interested in the longer term in yet further new aircraft types, such as a possible larger medium-range Airbus, the twin-engined TA-9, or a long-range aircraft, the four-engined TA-11.

Both of these are being studied by Airbus Industrie, but no launch decision has yet been taken.

● China has taken delivery of the first two of three Airbus A-310 medium-range airliners ordered for use on its Asian routes, Reuter reports from Paris.

Lucas Aerospace awarded Airbus equipment orders

BY OUR AEROSPACE CORRESPONDENT

LUCAS AEROSPACE, the UK aviation equipment group, has won nine major contracts for equipment on the new European A-320 Airbus, five of them in partnership with other European groups.

The company says that each A-320 will carry about £500,000-worth of Lucas-manufactured components. The A-320 is expected to be built at a rate of up to 50 aircraft a year when in full production. No competitor for that aircraft is foreseen until well into the 1990s.

Lucas says that its recent equipment deals will ensure further increases in profits and turnover over the next few years.

On military activities, the company says it has been increasing its share of the missiles systems market, and recent successes include contracts to supply systems and equipment for the Harpoon, Harm, Amraam, Sea Skua, Sea Eagle, Alarm, and other advanced missile programmes.

The company says that over the past five years its sales of missile equipment have risen from £4m to £40m a year and further strong growth is expected.

The equipment for the A-320 Airbus includes generating systems, primary and secondary flying controls, cockpit side windows, and thrust reversers and other equipment for the Franco-U.S. CFM-56 engines, and equipment for the International Aero-Engines V-2500 designated for use on the A-320.

Companies with which Lucas is collaborating include Auxilec, Siemens, Liebherr, Hispano-Suiza, Air Equipment, and Messier-Hispano-Bugatti.

Andrew Whitley reports on Brasilia's denunciation of growing U.S. protectionism

Brazil takes the offensive on trade talks

GATT

A NEGOTIATION to liberalise the world trading system now seems inevitable, such is the fear thatt he world will otherwise slide inta paralysing protectionism.

The pressure for revision oft he General Agreement on Tariffs and Trade has come mainly fromthe rich indusmainly from the rich industrialised nations. Many dedeveloping countries are much less enthusiastic.

No date has yet been set forthe start of a process that could take years to complete —the Tokyo Round lasted from 1973 to 1979 — and the timetable itself is an element of the pre-negotiation manoeuvring.

To-day the Financial Times begins a series of articles decribing the attitudes of tradnig nations, large and small, rich and poor, towards a new Gatt round and explaining what kind of agenda they want.

In the first article Andrew Whitley reports from Brazil, whos egovernment is among the most sceptical.

"DEALING directly with the U.S. on international trade issues is like getting into a cage with a tiger," said a senior Brazilian official. "Only if we have others in with us do we stand a better chance of getting some satisfactory results."

Brazil, together with India, has been cast by the industrialised West for many months as the ringleader of the gang of developing countries obstructing progress towards a new round of multilateral trade talks. The U.S., for one, has made abundantly clear its exasperation at what it regards as Brazilian foot-dragging and prevarication.

The issue, however, from the Brazilian point of view, is one of straightforward power politics: the industrialised world, led by the U.S., is attempting to force the perpetuation of an unfair trading system on to countries such as itself at a transitional stage of economic development.

"Gatt clearly represents the exhaustion of the international solutions of the Bretton Woods economic order," Sr Olavo Setubal, the Foreign Minister, declared on taking office last March.

His assault on the Geneva-based international tariffs and trade regulatory body was head on. One barrel of the shotgun blasted wealthy countries' pressure "to protect technologically obsolete industries at the expense of the exports of nations with abundant natural resources and cheap labour."

The second took direct aim at the U.S. and its "pretext" that the present Gatt regulations do not favour the American competitive advantage in services and high technology.

"By increasing the volume of bilateral agreements and pressurising Gatt to mould it in favour of American interests, the U.S. is indirectly reducing the economic opportunity for other countries," said Sr Setubal.

This jaundiced analysis, accurately reflecting the views of the nationalist-minded Brazilian Foreign Office, is more than just the traditional Latin American mistrust of the "Great Power" to the north. It is a considered judgment that under the Reagan Administration, the U.S. has become "naked" in pursuit of its own interests and is willing to use its muscle to get the desired results.

"In practice, the U.S. has shown a disdain for multilateralism in all fields," said Sr Setubal. "It's eagerness to press for a new trade round is because services now represent more than 60 per cent of the U.S. economy—and they want to force us to open up our banking, insurance and electronic industries."

Last month Brazil went on the offensive to counter the mounting pressure from Washington and other major Western capitals. In a surprise move, which appears to have caught the U.S. off balance, Sr Setubal proposed a parallel Gatt to deal exclusively with service industries.

Fearful of the protectionist-minded U.S. Congress, Brazil was said to be anxious to get on with a new round of international trade negotiatins. But the Foreign Minister, a former leading banker, emphasised that Gatt had to deal in future solely with goods having "material reality."

Underlining the Sarney Government's firmness on the issue, the industrialised countries were told that a precondition for Brazil's participation in the planned Gatt talks was that there should be no linkage or trade-off whatsoever between the parallel set of preparatory negotiations.

How much support Brazil can muster from its developing country allies, notably India, Yugoslavia, Argentina and South Korea, is still unclear; even the Government itself is unsure.

However, a major lobbying effort has been launched in recent days by Brasilia to build a common front behind this proposal; its fruits should be clear soon.

The Brazilian argument is that the developing countries—specifically the "Group of 23" in Gatt parlance—have now done their bit to break the stalemate. Their joint submission on trade in goods was presented to last month's informal meeting of ministers in Stockholm, while the General Agreement on Services proposal is said to answer the remaining demands of the industrialised bloc.

Brazil, while consistently denouncing "growing protectionism" in the U.S. and Western Europe (the markets for 80 per cent of its exports) remains a heavily protectionist country. Foreign capital has historically been allowed only a limited role in banking and insurance and, more recently, a selective presence in high-technology manufacturing.

The well-established vehicle industry, controlled at the finished products level by multinational companies, has grown up behind barriers blocking any competition from importers or new entrants to the club. The sale within Brazil of small and medium-sized aircraft is largely restricted to the products of the state manufacturer.

So-called "market reserves" for nationally owned and controlled companies have been recently established for "informatics," a very broadly defined sector covering everything from small computers to digital equipment and fibre optics. Moves are underway in the Brazilian Congress and among federations to extend these restrictions to pharmaceuticals and other fine chemical as well as shipping.

The official answer to this contradiction between what the country preaches and what it practises is that "assymetry" exists between newly-industrialising countries such as Brazil and the "post-industrial" societies of the West, and this demands differentiated treatment over trade rules.

Brazil's trade portfolio has altered dramatically over the past 20 years since the existing Gatt rules were drawn up. Basic agricultural products such as coffee and sugar now represent less than 15 per cent of total exports.

Instead, the country exports a battery of temperate agricultural products in processed form, such as orange juice, soya bean oil or frozen chicken, as well as a growing range of international standard manufactured goods.

So on several trade disputes it finds itself, ironically, on the same side as the U.S., denouncing EEC agricultural barriers and "dumping" in other markets.

Above all, Brazil hammers away at the inseparable link it sees between its need to generate a large trade surplus and its obligation to its creditors to use a substantial percentage of its hard currency earnings to service its foreign debt. This year interest payments alone are likely to account for 40 per cent of those earnings, leaving aside the country's traditional large deficit on services.

Reform of the international monetary system is regarded as being an essential part of the global negotiations into which the Gatt talks should fit. As one official put it: "We could negotiate an anti-subsidy agreement for months and a sudden change in the relationship between the U.S. dollar and the D-mark could wipe out its results overnight."

Whether this broader argument is getting across in Western capitals is hard to say. Its force is somewhat undermined by the spectacular success Brazil has had over the past two years in boosting its export figures and the fact that exports still represent only 12 per cent of gross domestic product.

If and when the new Gatt talks do get down to business, Brazil will have its entire range of agricultural products on the negotiating table: everything from cocoa butter to frozen beef. The manufactured goods it feels, though this is not said explicitly, are more able to take care of themselves—helped by the hefty tax breaks provided to many such exporters.

In the meantime there is the services hurdle still to overcome. Even if the U.S. does accept Sr Steubal's proposal at face value—as preliminary reports suggest it has, there are some specific reservations on the Brazilian side as regards the potential impact on their successful overseas contractors.

Export boost for UK textiles

BY ANTHONY MORETON

THE favourable level of the pound helped the British textile industry to sell more abroad in the first quarter of this year, and was instrumental in curbing the rise in imports.

Exports of spun yarns, fabrics and carpets rose 8 per cent by volume in the quarter, compared with same period of 1984, and clothing exports were up 5 per cent.

Imports of textiles by comparison increased by only 2 per cent and purchases of clothes from abroad dropped 1 per cent.

In value terms, there was, however, a further serious deterioration in the position, total imports rising 15 per cent to £1.42bn while all exports went up 17 per cent to £728m.

This left the balance of trade 14.4 per cent higher over the year at £687m.

Mr Ian MacArthur, director of the British Textile Confederation, yesterday said the figures showed "a very encouraging performance by British textile and clothing exporters."

He warned, however, that prospects for the rest of the year were much more uncertain because of sterling's sharp appreciation since the middle of February, a movement that has recently accelerated.

"The competitivenes of textile and clothing imports has also been increased," Mr MacArthur said, "by the movement of sterling against major supplying countries."

"These are unhelpful developments for our industry and for its trade prospects later in the year."

Acrylic fibre 'dumping' check

THE European Commission is starting an inquiry into alleged dumping on the EEC market of certain acrylic fibres from Israel, Mexico, Romania and Turkey, **AP-DJ reports from Brussels.**

The claim, made by a group representing the Commission's synthetic fibre industry, alleges that acrylic fibre imports rose more than :00 per cent to 26,366 metric tons in 1984 from 12,178 tons in 1981, representing an increase in market share to 13 per cent fom 4.9 per cent.

Honda subsidiary to make motorcycles in Mexico

HONDA MOTOR CO, Japan's top motorcycle maker, has obtained approval from the Mexican Government to establish a wholly owned subsidiary to produce medium-size and large motorcycles in Mexico beginning late next year, the company said yesterday, **AP-DJ reports from Tokyo.**

Honda will be the first foreign maker to produce motorcycles in Mexico, where imports of finished motorcycles are banned, Honda's spokesman, Mr Hiroshi Oshima, said.

His company had received permission from the Mexican Government to produce motorcycles with engine displacements of more than 350cc.

Reuter reports from Detroit: Toyota Motor Co may assemble its own cars in the U.S. as early as next autumn for sale there along with its imported models, the trade newspaper Automotive News said.

Toyota officials had, however, declined to confirm or deny the report, the paper added.

UK NEWS

Court releases pit union funds frozen in Dublin

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE £2.75m National Union of Mineworkers (NUM) funds transferred to Dublin before the (coal) strike began in March last year, has been returned to England.

In the Dublin High Court yesterday Mr Justice Donal Barrington, with the consent of the NUM sequestrators and receiver, accepted the union's application for the money, frozen in an account at Bank of Ireland Finance since last November, to be transferred to the union's general account at the Cooperative Bank in Sheffield.

The union's counsel told the judge that the application was made as a result of a NUM conference decision to repatriate funds it had sent abroad.

The court retained 200,000 Irish punts as security for the costs of any appeal from its order last week that the union's and the receiver's costs of the Dublin legal action should be paid out of the £2.75m.

After the release order had been made, and before the funds were actually transferred, the receiver, Mr Michael Arnold, moved swiftly to instruct the Cooperative Bank to put the money into an account in his name, rather than in the union's general account.

Today he will transfer it to another bank where it will join the rest of the union's funds that he has retrieved from Luxembourg and Switzerland.

Almost all of the £8m funds which the union sent overseas during the year-long dispute to avoid sequestration by the receiver are now back in England under the control of Mr Arnold.

In February he negotiated the return of £4.9m by Nobis Finanz International, in Luxembourg, out of which he paid the £200,000 contempt of court fine on the union. About £4m of the balance is blocked to cover an indemnity given by insurers on Mr Arnold's behalf to Nobis in case it were sued by the union for parting with the money.

In April a Zurich court released the $262,000 (£217,000) balance of about $623,000 that had been lodged by the union in Switzerland. It is believed that the rest of the Swiss fund was swallowed up by the costs of servicing the complex financial transactions on which the union embarked to keep its funds out of the reach of the English courts.

DROP IN RETAIL SALES AND CREDIT BUSINESS

Consumer spending pace slows

BY PHILIP STEPHENS

THE CONSUMER spending boom which has so far acted as the main engine for Britain's economic recovery appears to be slowing. Figures released yesterday by the Department of Trade and Industry show that consumer credit business fell back in May, while the growth of retail sales proved to be less than previously thought.

New credit extended by finance houses, other specialist organisations and retailers totalled £1.038bn during the month, down from £1.057bn in April. Over the three months to May the level of business was 3 per cent lower than over the previous three-month period.

At the same time the department said that the volume of retail sales in May had risen by 0.4 per cent, less than its original estimate of 1 per cent growth. The *Department's index of sales* stood at 114.6 in May (1980 = 100) compared to 114.1 the previous month.

Figures released last week showed that overall consumer spending fell slightly in the first three months of this year compared with the last quarter of 1984, and stood only 1½ per cent higher than a year earlier.

A surge in investment ahead of taxation changes in April and strong export growth took over as the driving force behind the economy's expansion.

The Treasury's budget forecast assumes that consumer spending will rise by 3 per cent in volume terms this year. Officials yesterday pointed out that, despite the downward revision, retail sales were still at their second highest ever in May and well above the level of a year earlier, while in absolute terms credit business is still buoyant.

The end of the miners' strike in March could also have raised consumer confidence. Outside forecasters, generally agree that there will be some recovery in the pace of spending later in the year but, with interest rates expected to remain high, there are doubts in the City of London whether the Treasury's prediction will be met.

Frames Travel joins Cook network

BY ARTHUR SANDLES

THE MIDLAND Bank subsidiary, Thomas Cook, is to operate a second travel agency chain. It has bought the 42-outlet Frames Travel network and will use these, under the Frames name, to develop a chain "complementary to the present operation."

Thomas Cook is already Britain's biggest travel agent with some 350 branches. In recent months there has been a stampede for growth by Cook and its main rivals Pickfords Travel, Hogg Robinson, Lunn Poly (a Thomson Organisation offshoot), American Express and W. T. Mays.

The announcement that Thomas Cook not only intends continuing expansion under its present name but also to operate another chain will add spice to that battle.

Thomas Cook bought the new chain from the Frames family. No figures are being revealed but at present market prices about £2m might have been paid for the agencies plus property values and an element for goodwill.

Cook outbid several rivals for the chain, although it is understood that the family was keen to see the Frames name retained and security given to staff – promises which Thomas Cook was able to give.

No final decisions have been taken on the exact nature of the new Frames operation or how the shops will differ from the present Cook outlets. It seems likely that the Cook branches will be more sophisticated, offering full currency exchange facilities and business travel, while Frames may emerge as a group with more populist appeal.

The Frames family will concentrate its attention on the tour operating aspects of its business. It retains ownership of Frames Rickards, a company best known for its coach tour business. Mr Jack Frame, chairman of the holding company, Frames Tours, said the sale would also assist the group in its hotel-owning ambitions.

Mr Brian Coupland, the managing director of Frames Tours, will continue with his present responsibilities but he will also join the board of Thomas Cook.

Satellite to take off for rendezvous with Halley's comet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GIOTTO, the £40m scientific spacecraft designed to intercept Halley's comet when it passes the earth next March, is due to be launched today aboard an Ariane rocket from the French space base at Kourou, French Guiana.

The spacecraft, built by an international consortium headed by British Aerospace (BAe), will be targeted to travel as close as possible to the nucleus of Halley's comet, to photograph it and gather data on gases, dust and plasma, during a single encounter at midnight next March 13.

Only one Giotto spacecraft has been built and there will only be one chance of a successful encounter. If it fails, the world will have to wait another 76 years before Halley's comet again passes close enough to enable a spacecraft to study it.

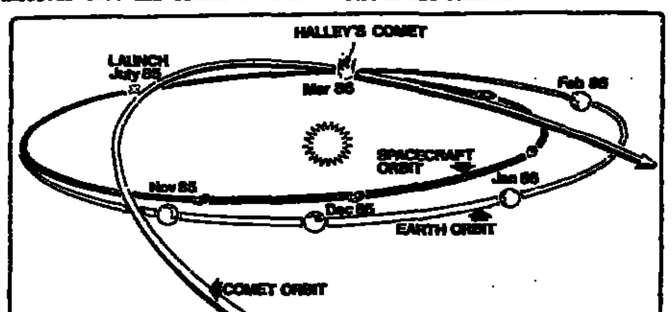
Halley's comet is named after the English astronomer Edmond Halley (1656–1742). He made a close study of comets and was the first to discover that the comet that now bears his name followed a periodical pattern, swinging close to the earth every 76 years.

The comet is depicted in the background of The Adoration of the Magi by Giotto, the Florentine artist. The satellite being launched is named after him.

BAe has built the spacecraft for the European Space Agency in collaboration with a large team of European contractors. It will carry scientific experiments put together by European universities and other academic institutions.

Giotto will intercept Halley's comet about 147m km from the earth and will pass about 500 km from its nucleus. By then, it will have travelled 700m km on a long, elliptical path taking it round the sun.

Giotto will not return. It will relay its findings for only three to four hours before being destroyed in the hazardous environment of Halley's comet by bombardment with particles in the comet's wake.



London launches bid for 1992 Olympics

BY WALTER ELLIS

LONDON yesterday joined Manchester and Birmingham in launching an official bid to host the 1992 Olympic Games. The capital left it to the last available day to announce its plans, which have been provisionally costed at less than a £300m, entirely financed by private capital.

The British Olympics Association (BOA) must now choose between the three proposed UK locations and put forward an official candidate to the International Olympics Committee in Lausanne. A decision on a venue for the 1992 Games will be taken in autumn next year.

Britain's rival bidders are Barcelona, Brisbane, Paris, New Delhi and Amsterdam.

Detail's of London's submission were given yesterday by a City of London steering committee under the chairmanship of Sir Alan Traill, the Lord Mayor.

Two options were laid down. Either London would concentrate the games on a revamped Wembley Stadium, with seating capacity increased from 43,500 to 72,000, or a brand-new, 30,000 seat indoor stadium would be constructed in the Docklands, east of central London. An Olympic-size swimming centre would be constructed in any event in north-west London, and there would be a cycling stadium in the Lea Valley and new canoeing and rowing facilities on the Thames.

Sir Alan said that the games could raise about £700m, including at least £300m from the sale of television rights.

City backing for the Docklands option is apparently considerable, and led by a major bank, but there is said to be promise, too, of cash for the refurbishing of Wembley. This would be handled, primarily, by Mr Abdul Shamji, a former Ugandan Asian, who now owns Wembley and is keen to attract Olympics business.

Manchester's Olympics bid, which would be financed mainly by the private sector, is being organised by Mr Bob Scott, a theatrical impresario, in conjunction with consultants Arthur Young, the company which planned the highly successful games last year in Los Angeles. The Birmingham proposal, centred on a new, 70,000 seat "Superbowl" stadium and the facilities of the National Exhibition Centre, is being put forward with joint city council and private backing.

First chairman named for banking watchdog

BY MARGARET HUGHES

PLANS TO establish a banking ombudsman have moved nearer fruition with the appointment of Dame Mary Donaldson, former Lord Mayor of London, as chairman of the council which will be responsible for the new ombudsman's officers.

Other members of the council which will comprise five of seven members representing the banking community and public or consumer interests, will be appointed in the near future. The council will have a majority of non-banking or independent members.

The decision to set up a banking ombudsman to deal with complaints which customers feel have not been dealt with satisfactorily by their banks, was announced in February by the 17 retail banks, including the major clearers. The office is expected to open early next year.

Dame Mary Donaldson said: "I am determined that the ombudsman will be totally independent and impartial." The ombudsman would be "neither a consumer champion nor biased towards the banks."

Alliance and Labour 'neck and neck' in Welsh by-election

BY JOHN HUNT

THE Liberal-Social Democratic Alliance is running neck and neck with Labour in the hotly-contested parliamentary by-election at Brecon and Radnor in Wales, according to the latest public option poll.

The Conservatives, who held the seat until the death of the sitting MP, were shown in third place. Voting in the by-election, which is seen as a key mid-term indicator of the state of Britain's parties, takes place on Thursday.

The poll, carried out by Beaufort Research for HTV Wales, a regional television channel, gives Labour 36 per cent, the Alliance 35 per cent, Conservatives 27 per cent and Plaid Cymru, the Welsh Nationalists, 2 per cent.

Those figures exclude the 13.5 per cent undecided and, more important, a breakdown of voting intentions by that crucial group indicates that the momentum is flowing in favour of the Alliance.

Dr Denis Balsom, of the Department of Political Science, University College of Wales, who analysed the figures for HTV, said the questions to the 13.5 per cent undecided showed a clear preference for the Alliance.

Asked who they would be inclined to vote for in the by-election, 4 per cent said Alliance, 2.6 per cent Conservative, 1.7 per cent Labour and 0.3 per cent Plaid Cymru. There were 4.8 per cent who had no inclination and 0.1 per cent said they would not vote.

After the conflicting results of recent polls, the latest figures give the Alliance an impetus that might carry it through to a narrow victory on Thursday.

The HTV poll also showed a high level of discontent with Conservative Government policies – 71 per cent said they felt local government services had deteriorated under the present Government and that the Government was taking too many decisions at national level about local affairs. Asked which party had the best policy to deal with unemployment, 35 per cent said Labour, 21 per cent Alliance and 13 per cent Conservative.

Another important factor is that the HTV poll in this huge Welsh rural constituency was taken over a larger sample of voters than previous polls. It sampled 1,063 people on Thursday and Saturday of last week at 36 points. Earlier polls questioned about 600 people.

The previous poll was for The Sunday Times by Mori, taken last Thursday and Friday. That showed Labour leading with 44 per cent, Alliance second with 30 per cent, and the Conservatives trailing with 24 per cent.

Yesterday a Mori poll in the London Evening Standard on national voting intentions gave Labour 36, Conservatives 35, and Alliance 27.

Anger in Commons over Milan summit

BY MARGARET VAN HATTEM

MRS MARGARET THATCHER, the Prime Minister, is likely to face an angry House of Commons later today when she makes her statement on the EEC summit in Milan at the weekend.

Indications yesterday were that Mrs Thatcher will attempt to deflect as much as possible of this anger against Britain's EEC partners – primarily France, West German and Italy.

A number of pro-Market Tory backbenchers appear ready to accept the Government's explanation of the outcome of the summit – that Britain was outmanoeuvred because of a well-organised plot among the six original members which emerged unexpectedly at the last moment.

There were, however, signs of government embarrassment over Britain's failure to get its own package of proposals accepted as the basis for talks, in order to pre-empt plans for an intergovernmental conference to amend the Treaty of Rome.

Downing Street angrily rejected reports that the Prime Minister was "furious" at the outcome, saying she was merely "irritated." But she was not, it was pointed out, planning to attend the proposed conference.

Government whips (parliamentary party officials) were yesterday working energetically behind the scenes to ensure the maximum Tory support for last night's debate on the committee stage of the European Communities (Finance) Bill. But there were signs that right-wing anti-marketeers were planning a filibuster.

The anti-marketeers, led by Mr Teddy Taylor, Mr Tony Marlowe and Mr Nick Budgen, consider the difference between the British proposals and those adopted by the six founder members and Ireland to be minimal.

They insist that any moves to amend the Treaty of Rome should be made subject to a referendum; and they want a pledge from the Government that there will be no more extra payments to the EEC budget and no further increase in the VAT ceiling during the life of this parliament.

First indications of trouble came in the Commons when Mr Marlowe and Mr Budgen demanded that the EEC Finance Bill debate should be put off, pending the Prime Minister's summit statement.

The Tory anti-marketeers – estimated at about 30 – are not sufficient in number to cause a government defeat. But they are one of the better organised lobbies at Westminster and are capable of disrupting the Government's timetable.

As Tory MPs settled down with some irritation for a possible all-night session, the mood among the few Labour MPs not canvassing in Brecon and Radnor – where there is a by-election this week – was one of glee.

On matters of substance, Labour's front bench appears much closer to the Government than do the Tory anti-marketeers. There is, of course, a sizeable number of left-wing anti-marketeers on the Labour backbenches, who yesterday appeared to be discussing tactics with the Tory rebels.

Labour's frontbench spokesmen endorsed the package of measures which Mrs Thatcher took to the summit and share her anger at its reception.

In responding to her statement tomorrow, however, they are likely to dwell more on what they see as her humiliation in Milan and what they regard as strong indications that she is out of touch with the rest of the EEC.

They are likely to draw attention to confident statements by some members of the Government before the summit, which suggested that Britain was now taking the initiative in EEC affairs.

Such statements, they will say, clearly incensed France and West Germany – which up till then had been pessimistic about Milan – and goaded them into action.

"We share the Government's anger, but we are looking forward to watching egg dripping down the lady's face," said one Labour MP.

Mr David Steel, the Liberal leader, said yesterday that Mrs Thatcher had "totally misjudged' the mood of the EEC. She had been outmanoeuvred, he said, because of her determination to treat Europe as if it was just a community of shopkeepers.

Westinghouse wins £45m Underground contract

BY IAN RODGER

WESTINGHOUSE CUBIC, a joint venture of Hawker Siddeley and the Cubic Corporation of the U.S., has won a £45m contract to supply automatic ticket and fare collection machines for London's Underground.

The award follows government approval in May of the Underground's £135m proposal for an automatic ticket and entry system. Most of the ticket machines will be made at the Westinghouse Signals plant at Chippenham in Wiltshire, while the supporting computer equipment will be supplied by Cubic. The system will be fully operational by 1989.

Westinghouse Cubic will supply approximately 900 self-serve ticket machines, which issue single-fare, travelcard and season tickets in all 247 Underground stations.

Another 500 machines, to be installed in station booking offices, will read the magnetic codes on tickets in case of queries as well as issuing tickets.

Stations in central London will have automatic entry-exit gates but outer stations will have no regular ticket staff. Each station will have its own supervisory computer linked to the centralised computers at the Underground's control centre.

Westinghouse said the system would provide Underground management with much-improved audit and statistical data. London Underground has said that it hopes the system will help it to get to grips with fraud, which costs it £12.5m a year.

Westinghouse Cubic said the self-serve machines would take coins specified by the Underground. One type would also accept a £5 note. There would be two types of machine, one that issues the 10 most popular tickets and the other that would issue a complete range of tickets to all Underground stations and a few British Rail stations.

The machines will be wall-mounted so they can be serviced safely from the rear. Ticket offices currently in the centre of booking halls will be replaced by wall offices. Taylor Woodrow has won the overall project management contract for the work.

Guy de Jonquieres on the loss of investor confidence which led to yesterday's boardroom coup

Thorn EMI blames itself, not the City

THE BOARDROOM coup at Thorn EMI and the decisions to reorganise several of its major businesses follow a steady deterioration in investor confidence which has dogged the company almost from the moment when Mr Peter Laister became its chairman on April 1 last year.

Sir Graham Wilkins, a former chairman of the Beecham Group, who took over from Mr Laister as Thorn EMI's chairman and chief executive yesterday, is in no doubt about where the blame lies.

"We have done a bad job of explaining our position to the City," he said. "I'm not criticising the City, I'm criticising ourselves."

Mr Laister, who joined Thorn EMI as managing director in 1978, had previously acquired a reputation as a shrewd dealmaker. While with BOC in the early 1970s, he was closely involved in its highly successful acquisition of Airco, the U.S. industrial gases supplier.

He failed to transfer the magic to Thorn EMI, whose reputation suffered a severe blow just over a year ago when it made an unsuccessful merger approach to British Aerospace (BAe). Mr Laister's efforts to present the proposal as a logical diversification away from Thorn EMI's core business of consumer electronics convinced few outside the company.

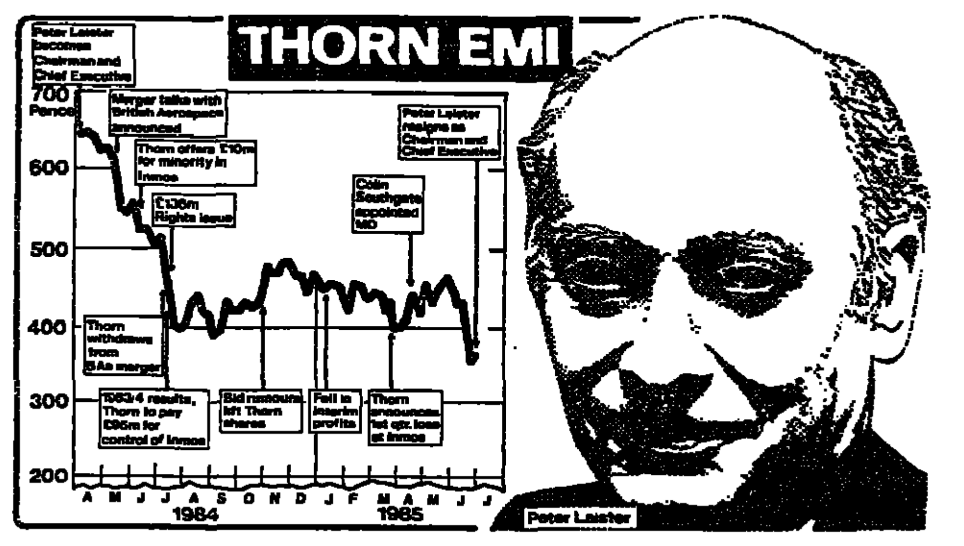
A few months later, Thorn EMI again stunned the City by bidding £95m to relieve a grateful Government of its 76 per cent share in microchip manufacturer Inmos. This was followed by a £141m rights issue, to the surprise of investors who had long viewed Thorn EMI's supposedly strong cash flow as one of its main attractions.

While Sir Graham still believes that BAe would have been a good buy at the right price, it is hard to be as sanguine about Inmos. Within weeks of the Thorn EMI bid the boom in the semiconductor market, which helped Inmos into profit last year, had turned to slump. Inmos is widely thought to have made a loss in the first half of this year.

Thorn EMI embraces a broad and eclectic mixture of other businesses. These include television, video and white goods manufacturing, computer production, software, the Rumbelow retail store chain, television rental, engineering and lighting. There are also the defence and music businesses contributed by EMI, which it acquired for £170m in 1980.

Sir Graham Wilkins sees his most urgent priorities as rationalising the Ferguson consumer electronics and Inmos operations, both of which are burdened by high costs. Some initial measures were announced yesterday but more are likely to follow. Sir Graham warned against expecting any overnight recovery.

The removal from office of two American executives of Inmos, Dr Richard Petritz and Mr John Heightley, will allow a freer hand to Mr Douglas Stevenson, who was recently recruited from ITT of the U.S. as Inmos chief executive.



Peter Laister

There have long been tensions between the U.S. and British operations of Inmos and Sir Graham said yesterday that it had been run by entrepreneurs without any real direction.

The withdrawal of Inmos from the dynamic memory market, which has been devastated by the recent slump, should eliminate a major area of loss. Its hopes for generating increased revenues are pinned mainly on the more stable static memory market and its transputer, a "computer-on-a-chip" which is shortly due to enter mass production at the Inmos plant in Newport, South Wales.

The overall semiconductor market, however, seems likely to remain weak for some time. As well, the recent discovery of problems in one of the U.S. static memory production lines of Inmos is an unpleasant jolt. These are said to have been since cured, but as many as a third of all the static memories already produced may be defective.

The problems appear to predate the acquisition of Inmos from the Government last year, though it is unclear whether Thorn EMI has any right to redress over the issue.

Ferguson's difficulties appear less formidable. These lie chiefly from its slow response to a shift in demand from large-screen to small televisions and to inflexibilities which have crept into its manufacturing arrangements.

Thorn EMI spent some £13m to re-equip its plants at Enfield, London, and Gosport, Hampshire, in the late 1970s, but it has failed to keep up productivity improvements and costs have got out of hand. The design of its television models has diverged and production cannot be switched easily between the two plants.

Thorn EMI aims to tackle these problems by laying off 1,000 Ferguson staff and by concentrating the supply of electronic subassemblies at Enfield and assembly work at Gosport. This reorganisation is expected to take about a year.

Sir Graham believes that no other parts of Thorn EMI's operations require radical surgery and says he plans no major disposals.

Thorn EMI's management has already been strengthened in the past few months by the appointment of several younger executives to key positions. Chief among these are Mr Colin Southgate, managing director, Mr Bob Nellist, finance director, and Mr Jim Maxmin as head of the consumer electronics and entertainment businesses, as well as Mr Stevenson at Inmos.

Sir Graham, as a declared enthusiast of decentralisation, has promised to give them their head. What they make of that opportunity may depend as much on external circumstances as on their own abilities.

After the sharp fall in Thorn EMI's share price, which stands at little over half the level of early last year, the company presents a tempting target for potential predators.

APPOINTMENTS

Vickers da Costa chairmanship

Following the resignation of Sir Kenneth Berrill as a director and as chairman of VICKERS DA COSTA from June 30 to become chairman of the Securities and Investments Board, Mr J. D. Paulson-Ellis has succeeded him as chairman of Vickers da Costa from that date. Subject to the consent of the Stock Exchange, Mr R. D. Fulford, senior partner of Scrimgeour Vickers and Co, becomes a director.

*

SCM CHEMICALS, a division of SCM Corporation, has named Mr Peter C. Firing president of its Baltimore-based worldwide pigments operations. Mr Firing is chairman of the boards of SCM Chemicals in the UK and SCM Chemicals in Australia.

*

EVODE GROUP has appointed Mr V. Vohralik as group technical and development director to spearhead new product and business development activities. He is a group board director.

*

Mr B. T. R. Scruby has been appointed non-executive chairman of LINGUAPHONE HOLDINGS. He is chairman of Gieves and Hawkes, and a director of the Gieves Group. He also holds several other directorships. Mr B. D. Watson, managing director, continues as chief executive of Linguaphone Holdings.

*

BROWN, SHIPLEY & CO. has appointed the following as deputy managers: Mr Jonathan M. Gage, Mr Richard J. Osmond and Ms Antonia Stewart. Brown Shipley Fund Management has made Mr Andrew T. Atkins a director.

*

COUNTY BANK has appointed Mr Clive Grumball as a director, responsible for treasury operations. He was a director of Nordic Bank. Also joining the board of County Bank are Mr G. A. Frier and Mr S. C. White.

*

PRICE WATERHOUSE has admitted 28 partners. London: Mr Stephen D. Barber, Mr Meredith M. Coombs, Mr Robert N. Eames, Mr Michael D. Gercke, Mr Alan B. Gibbins, Mr Fabian Goody, Mr Barry P. Hill, Ms E. Mary Keegan, Mr Stephen R. Kemp, Mr John D. Morgan, Mr Rodney R. Morton, Mr Robert D. Pamplin, Mr Gregory J. Powell, Mr David W. Roe, and Mr C. Michael Stewart; in Aberdeen: Mr J. Kenneth Murray; in Leeds: Mr Ronald T. McMillan and Mr Martin J. Rist; in Liverpool: Mr David J. Lee; in Manchester: Mr Anthony J. P. Brereton, and Mr David F. P. Miller; in Newcastle: Mr A. Edward James, Mr Cedric C. Read and Ms Esmée E. Slattery; in Nottingham: Mr Richard J. Bees; in Jersey: Mr L. Philip C. Taylor; in Windsor: Mr Peter Forrester and Mr Gerald J. Zukauckas. The following partners have retired: Mr Ernest W. Barnes (London), Mr Peter L. Johnson (Birmingham) and Mr Eric A. Roberts (London).

Mr Carron Greig, while continuing as chairman of H. Clarkson Holdings, will retire as chairman of H. CLARKSON AND CO on July 1 and will be succeeded by Mr A. F. Klima, the present deputy chairman with Mr John Denham succeeding in turn as deputy chairman to him. Mr Hugh McCoy will become head of the sale and purchase division of H. Clarkson and Co and also becomes a director of H. Clarkson Holdings.

*

Mr William Downey has been appointed a director of WILLIS FABER & DUMAS (UK).

*

KIRKLAND - WHITTAKER (CURRENCY DEPOSIT BROKERS) announce the appointment of Mr A. R. Longhurst as a director.

*

Mr T. S. Thomson has been appointed a director of BERMALINE.

*

Mr David Legg, a senior director of County Bank, has been appointed as non-executive chairman of ERNEST GREEN & PARTNERS HOLDINGS, consulting civil engineers. Ernest Green & Partners, trading subsidiary of Ernest Green & Partners Holdings has changed its name to Ernest Green Partnership in recognition of the change from unlimited to limited liability status.

*

Resident at LCCI

LONDON CHAMBER OF COMMERCE AND INDUSTRY has appointed as its new president Sir Anthony Jolliffe, chairman of Multiple Industries Group and partner in Thornton Baker. Mr John Leonard, chairman, Carless Capel and Leonard, remains chairman of the Chamber for the following year.

*

Two members of staff, Mr R. Smethurst and Mr R. S Sutcliffe have been appointed directors of GASKELL AND CO. (BACUP).

*

Mr Michael J. Hogg becomes managing director of VINTEN ELECTRO-OPTICS, which operates in the UK. He was employed by Optical Coating Laboratory, Inc., U.S.

*

BOVIS CONSTRUCTION has appointed Mr Ian Macpherson to the board. He is project manager of the multi-million pound, Broadgate Development at Broad Street/Liverpool Street Station for Rosehaugh Stanhope Redevelopments.

*

ASTBURY AND MADELEY (HOLDINGS) has appointed Mr John Wood as joint managing director of British Fittings (Hendon).

*

Mr Brian Morris, who was an executive director of Mercantile Credit until his retirement in April has been appointed a non-executive director of MILESTONE LEASING, a sales aid leasing subsidiary of Exco International.

*

Mr Clive Sinclair-Poulton has been promoted to vice president of the Europe, Middle-East and Africa insurance unit of Africa insurance unit of SECURITY PACIFIC NATIONAL BANK in London. He joined Security Pacific in 1982 as an assistant vice president at EMEA.

*

LESLIE & GODWIN REINSURANCE has made the following appointments: Mr B. K. Anand, Mr R. Hayne, Mr B. Peacock, Mr P. Simonds have been appointed directors, Mr N. M. Cooke and Mr D. Flood have been made divisional directors. Mr T. Pearson becomes assistant director.

*

Mr James Sexton, company secretary of the SOUTHERN NEWSPAPERS group, has been appointed a director.

*

Mr Ken Blair, director of corporate development at Pegler-Hattersley, has been elected president of the European valve industry association—CEIR, the Comité Européen de L'Industrie de la Robinetterie. Elected Vice-President in 1982, Mr Blair will face many problems during his two-year presidency not the least of which is the integration of new members from Greece, Spain and Portugal, and the impact of the world-wide economic situation on the European valve industry. "One of my first tasks," he said, "is to carry out a major reorganisation of the association to meet the changing economic climate and the needs of the 1990s."

*

NEIL AND SPENCER HOLDINGS has appointed Mr M John Smith managing director of the laundry division of Neil and Spencer. He joins from Flexitallic, a Houston based subsidiary of Turner & Newall where he was general manager and executive vice-president.

*

MACINTYRE HUDSON has admitted Mr P. J. G. Rushmore and Mr J. G. B Tarrant to the partnership.

*

Divisional changes at ICI

ICI has appointed Mr M. E. Brogden, an organics division director, as general manager personnel, and Mr A. I. H. Pink, a director of petrochemicals and plastics division, as general manager, planning. Mr Brogden replaces Mr R. N. Hodge, recently appointed chairman of petrochemicals and plastics division, and Mr Pink replaces Dr A. Hayes, recently appointed chairman of the plant protection division. Mr P. S. G. Flint, company secretary since 1981, is to retire on November 30 after nearly 25 years' service with the company. Mr D. J. Allen, assistant company secretary, will succeed him on December 1. Mr A. J. P. Dickinson, at present secretary of petrochemicals and plastics division, and Mr S. G. Williams, of the company secretary's department, have been appointed assistant secretaries of the company from September 1.

Top posts at TSB Group

Senator R. R. Jeune, chairman of TSB TRUST COMPANY since 1979, has decided that, because of his increasing commitments following his recent appointment as president of the finance and economics committee of the States of Jersey, he should relinquish chairmanship of the company. Mr David Backhouse is joining the company on July 1, and will be appointed chairman. Senator Jeune has agreed to remain as a director of TSB Trust Company. He continues as chairman of TSB of the Channel Islands, and as a member of the TSB central board, London. Mr Backhouse, a banker, decided at the end of 1984 to retire from the Hambro Life Group to devote his time to non-executive interests.

Mr J. Dundas Hamilton, who joined the boards of UDT Holdings and United Dominions Trust in 1983, is appointed chairman of those companies. He recently retired as senior partner of Fielding, Newson-Smith and Co, and continues to hold a number of public appointments and non-executive directorships.

Mr Norman Hay has been appointed an additional deputy chairman of TSB Trust Company. He retired in 1983, as director and deputy chief general manager of Royal Insurance.

Mr Lyndon Bolton, who has been a director of UDT since its acquisition by the TSB Group in 1981, is appointed deputy chairman. He is director and manager of Alliance Trust and Second Alliance Trust, and holds other appointments in Scotland.

Mr Leslie Priestly, who joined the group in April from Barclays Bank is appointed both chief general manager, Trustee Savings Bank England and Wales and chief general manager, Central Trustee Savings Bank. These two units, will in due course, form Trustee Savings Bank England and Wales, the banking operation planned for England and Wales when TSB legislation permitting reconstruction of the group has completed its passage through Parliament.

In both appointments, Mr Priestley will have as his deputy Mr Len Corp, currently general manager, CTSB. Mr Corp will continue to direct, on a day-to-day basis, the operations of CTSB, accountable to Mr Priestley and the CTSB board. These two appointments will facilitate integration of the two organisations during the coming months.

Reorganisation at LRC International

LRC INTERNATIONAL has planned management changes from September 1, which organise the current divisions under two group managing directors. Mr D. A. Wooler has been appointed group managing director, health and personal products, and to the board of LRC International from August 12. Mr R. C. A. Hall, who joined the board of LRC International in October 1984, has been appointed group managing director, home products and services.

*

LIVINGSTONE FISHER ASSOCIATES has appointed Mr Barry Pearson as managing director. The company is the result of the merger of Livingstone Corporate Services and H. W. Fisher Associates.

*

Mr Peter Elsom has been appointed to the board of FIRST VENTURE CAPITAL CORPN.

*

SUTER has appointed Mr S. L. Finch, Mr R. R. Morris and Mr A. G. V. Owen to its board. Mr Finch was formerly chairman of Lake and Elliott, which was acquired by Suter earlier this year. Mr Morris is managing director of Suter's newly-formed distribution group, which comprises Suter's activities in the distribution of commercial refrigeration equipment and hairdressing products. Mr Owen is managing director of Suter's newly-formed light engineering group, which is responsible for Suter's activities in the manufacture of heat exchangers, air conditioning equipment and plastic injection mouldings. Mr R. Schofield has resigned from the board but remains as company secretary.

*

Mr Peter R. Fyson has been appointed non-executive director of WESTBURY HOMES.

*

Mr Graham Ritchie has joined the ARTHUR YOUNG partnership in Edinburgh.

*

Mr John E. Hopkins has been appointed technical director of NORCROS. Mr Roger A. Pinnington, formerly chief executive of UBM Group, has been appointed to the board and succeeds Mr Hopkins as director: EEC manufacturing operations.

*

TORDAY & CARLISLE has appointed Mr Michael Denny and Mr Alan Forsyth as non-executive directors. Mr Denny is managing director of Northern Investors Co, Newcastle. Mr Forsyth is managing director of Furmanite.

BASE LENDING RATES

A.B.N. Bank	12½%	Heritable & Gen. Trust	12½%
Allied Irish Bank	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	12½%
Henry Ansbacher	12½%	Hongkong & Shanghai	12½%
Amro Bank	12½%	Johnson Matthey Bkrs.	12½%
Associates Cap. Corp.	13 %	Knowsley & Co. Ltd.	13 %
Banco de Bilbao	12½%	Lloyds Bank	12½%
Bank Hapoalim	12½%	Edward Manson & Co.	13½%
BCCI	12½%	Meghraj & Sons Ltd.	12½%
Bank of Ireland	12½%	Midland Bank	12½%
Bank of Cyprus	12½%	■ Morgan Grenfell	12½%
Bank of India	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Scotland	12½%	National Bk. of Kuwait	12½%
Banque Belge Ltd.	12½%	National Girobank	12½%
Barclays Bank	12½%	National Westminster	12½%
Beneficial Trust Ltd.	13½%	Northern Bank Ltd.	12½%
Brit. Bank of Mid. East	12½%	Norwich Gen. Trust	12½%
■ Brown Shipley	12½%	People's Trust	13½%
CL Bank Nederland	12½%	PK Finans Intl. (UK)	13 %
Canada Permanent	12½%	Provincial Trust Ltd.	13½%
Cayzer Ltd.	12½%	R. Raphael & Sons	12½%
Cedar Holdings	13 %	Roxburghe Guarantee	13 %
■ Charterhouse Japhet	12½%	Royal Bank of Scotland	12½%
Choulartons**		Royal Trust Co. Canada	12½%
Citibank NA	12½%	■ J. Henry Schroder Wagg	12½%
City Merchants Bank	12½%	Standard Chartered	‖12½%
Citibank Savings	¶12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13 %	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Co-operative Bank	*12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Duncan Lawrie	12½%	Yorkshire Bank	12½%
Dunbar & Co. Ltd.	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%, 1 month 10¼%. Top Tier—£2,500+ at 3 monthly notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9½%.

FT REPORT

Landmarks to promote

In this survey Mark Meredith in Edinburgh looks at what the country has to offer

SCOTLAND IS slowly but surely adjusting to the perceptions which the outside world have of the Scots. The sharp changes in the Scottish economy over the past 10 years provide the focal point for marketing people.

This marketing is also directed at those who might have dismissed Scotland for what it once was: a country in deep industrial decline with some of Europe's worst slums.

The loss of jobs is still there extending to a decline of one-third of Scotland's manufacturing strength since 1975. In the other direction is new industrial growth. So what has Scotland got to sell?

- A fairly centralised, accessible economy with 5m people.
- A sprawling and growing *electronics* industry employing over 40,000 people in more than 300 companies and a success story in foreign investment.
- A vast support structure for North Sea oil and gas development accounting for over 60,000 jobs in Scotland and with good prospects to the end of the century.
- An increasingly powerful service sector in areas such as Scotland's finance and banking system

The Scots themselves have often taken some convincing. Marketing has been necessary at home in a part of Britain which has been in general decline and has become increasingly dependent on government for assistance and initiative. Defeatism and lack of confidence in recovery have dogged efforts to generate new entrepreneurial spirit.

New landmarks in the economy like the changing face of Glasgow, now rid of its slums, and the opening later this summer of the Scottish exhibition and conference centre there, go a long way to persuade the Scot at home, not to mention the visitor, of new growth and grounds for encouragement.

The first steps in marketing Scotland to the foreigner are the easiest. The strong cultural image and some of Europe's finest scenery provide an obvious starting point.

This tartan and heather factor is often a source of embarrassment to today's Scots. But bagpipes, haggis and mountains are what bring many people here in the first place.

So one level of marketing, that of the Scottish Tourist Board, seeks to follow this through to further an industry already worth £1.3bn a year. The thousands of emigré Scots are a ready market. Many took away with them grim images of Scotland which now need updating.

The next tier of marketing skills is aimed at getting the business visitor to take a second look at Scotland.

This is where the new exhibition and conference centre fits in. *It is less of a showcase for* Scottish industry and more of a venue for the growing number of specialised conferences and exhibitions in areas such as high technology which will bring in decision-makers from the professions and industry. The role and background to the centre are discussed elsewhere in this survey.

Even here, Scotland should make maximum use of her cultural image and scenery, according to Dr George Mathewson, the chief executive of the Scottish Development Agency which has the major role in industrial promotion.

"A lot of people in Scotland get it wrong. Some feel we should not sell the Scottish culture so much in tourism. That is nonsense. You give the customer what he wants," Dr Mathewson says.

Tartan and heather then are useful for opening the door to the business visitor. The secret is then to be ready with the follow up for those industrial clients from the United States or Japan who might be thinking of establishing a European base.

"You sell the perceptions. The strengths in education, the Protestant work ethic. They form part of the marketing mix," says Dr Mathewson.

Assessing foreign perceptions of Scotland and then building on them has been part of the professional marketing done by the Scottish Development Agency through its overseas promotional body Locate in Scotland. This combines the promotional resources of the SDA and the grant-giving powers of the Government's Industry Department for Scotland.

Bagpipes and the glens, it has been proved, can bring in more than tourists for two or three weeks. A whole company can make its move into Europe bringing to Scotland perhaps hundreds of jobs and millions of pounds in investments.

Backing the marketing efforts of enlightened quangos in Scotland such as the SDA, is the growing activity of the private sector in advertising and promotion.

Marketing companies in Scotland have found that many *businesses have been conservative and slow to take up more* effective forms of promotion. Competition in the south, closer to the markets, has seen the advantages of promotion. It has been a difficult concept to sell when its advantages are not right on your doorstep.

The scene is now changing for individual companies as well as for industrial sectors. The financial sector in Scotland has taken a look at the opportunities for promotion in the face of the big changes underway in the City of London with the formation of financial conglomerates.

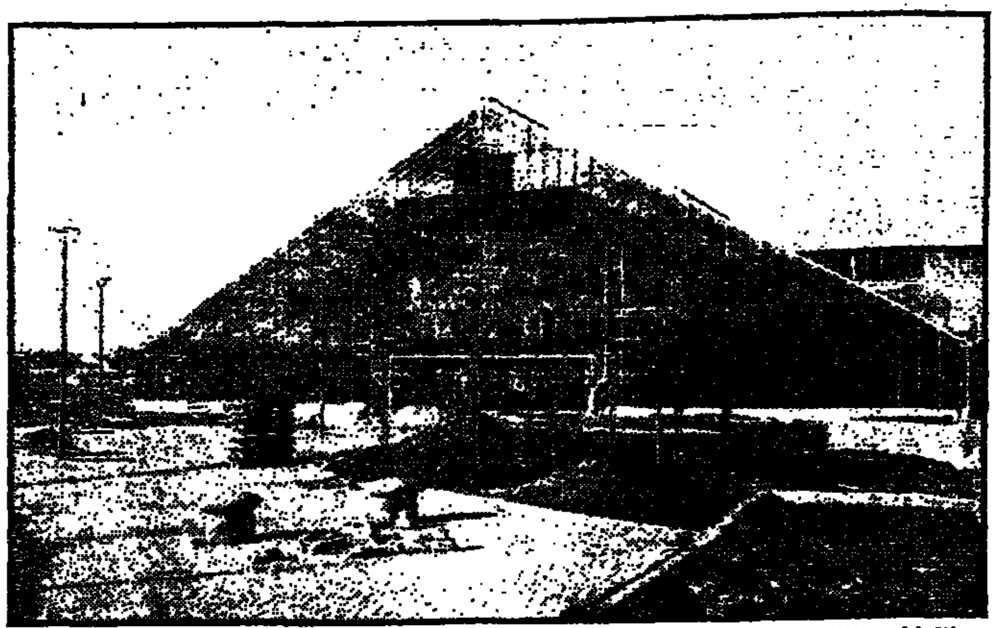
Scottish industrial sectors such as knitwear, tweed, brew*ing and whisky have moved* more rapidly into marketing. They have had to adjust to changes in fashion which in turn have made their managements more aware of the need to respond quickly and to sell effectively.

Some of the trade organisations such as the Harris Tweed Association and the Scotch Whisky Association have taken defence roles protecting the industry against adverse market conditions.

But the activities of the associations has encouraged an awareness of the need for individual marketing and within sectors such as whisky, beer and tweed. *Individual brands have had notable successes.*

AROUND BRITAIN

MARKETING SCOTLAND



Work is nearly completed on the main concourse and entrance of the Scottish exhibition and conference centre in Glasgow.

A marketplace for 400m people

IT IS easy to get the wrong *impression* about the Scottish exhibition and conference centre in Glasgow. One might think that here is the new shiny shop window for Scottish industry, a place to show off the achievements of electronics or its oil industry.

Nor is this large, flat, red and white complex a big competitor for the National Exhibition Centre in Birmingham or Wembley in London. Promoting Scottish industry is likely to be a secondary role for the centre and with 19,000 sq metres of space, it is only one-fifth of the size of its big competitors in the international exhibition business.

Its function, however, is both *commercial* and *promotional.* Here is one of Europe's first exhibition centres since the war built with sizeable private sector investment. The banks and institutions backing the centre expect it to run at a profit.

The concept of the exhibition centre is based on what is seen as a change in the market for exhibitions—a move away from big general sector exhibitions toward highly specialised industrial shows. Moreover, the centre is hoping to respond to a growing trend for conferences in specialist areas of the professions or industries, some of which are linked to exhibitions.

The right format, according to Mr Bob Saunders, marketing executive, will bring in the visitors.

"Before, you would have blockbuster exhibitions in areas such as electronics. Now you have specific exhibitions in defined areas such as computer-aided design. As major industries become more specialised in their sectors, the need becomes greater to find a venue that is compatible with a small and highly specialised field within a major industry," he says.

Mr Saunders believes that, while the oil industry is too general an area to be attracted to Glasgow, there could well be an exhibition, possibly linked with a conference, on the subject of enhanced oil recovery techniques.

"I am confident that it is unrealistic to believe the venture is there for Scottish industry to promote itself. You don't sell to yourself. Being realistic about it we see the role of the centre as being the North European platform for North American markets into Europe," he says.

Selling it as a European venue makes the centre a marketplace for 400m people rather than the 5m Scots alone, in the view of the centre's backers. Viewed in a European perspective, distance will not count against Scotland, he feels.

"For conferences we will be going in strongly to promote the destination appeal with the unique cultural and historic aspect of Scotland which up to now have never been fully exploited. In North America there is an overwhelming desire to convene a conference in Scotland," Mr Saunders says confidently.

The exhibition and conference centre is one of the star attractions changing the downtown area of Glasgow. It has been built on the site of the derelict Queens dock near a huge cantilever crane which was used to load locomotives made in the Glasgow area onto ships bound for the colonies. The crane is still in occasional use.

Exhibition Centre

The centre has five halls including a conference hall which seats up to 2,000 people. The largest hall with 10,065 square metres can hold audiences up to 10,000 and has an elevated central section able to take exhibitions such as yachts with masts or other structures up to 20 metres high.

An underfloor network for communications and plumbing system and folding partitions and built-in security system add *to the flexibility.*

Between the two main red and white buildings runs a glass concourse to house visitors services, a bank, travel office medical centre, press facilities and administration.

It will be possible for the centre to have two or possibly three functions running at once with parking for 3,500 cars. The centre is about a 20 minute walk from Glasgow's Central station, or an enclosed walkway will bring visitors arriving by train from the adjacent Finnieston station.

An important issue still remains to be resolved about the centre, the promoters want a hotel built next to the complex on the banks of the Clyde. Local hoteliers were worried it would take away their business. It has taken some diplomatic negotiations to calm their anxieties.

"We are talking with a number of large hotel groups right now who are seriously and actively interested in building an on-site hotel," says Mr Saunders.

The bookings at 58 per cent are ahead of the 52 per cent required to break even. The doors will first open on August 25 with a public open day to be followed on September 7 with a gala concert and the first exhibition of commercial interiors and shopfittings will follow. Sporting events, concerts and circus are expected for the rest *of the year with the conference* business building up in the coming year.

Mr Chris Garrett, who is Chief Executive of the new Scottish Exhibition and Conference Centre. Bookings at 58 per cent are ahead of the 52 per cent needed to break even

The Queen will formally open the centre on November 27.

The changes underway in central Glasgow will be that much more dramatic when the landscaping undertaken by the main contractor, Bovis, is complete. Bovis is also the main contractor for the Garden Festival planned for Glasgow in 1988 which will transform the side of the Clyde in Govan opposite the centre.

Specialist niches are likely key to faster growth

Financial services

THE REVOLUTION in financial services which is transforming the City of London has provoked some thoughts as to whether Scotland should respond by promoting its own banking and finance sector.

Scotland—and Edinburgh in particular—house the alternative financial centre to the City. Traditionally Scotland has strengths in investment management but increasingly its banks, insurance houses and other forms of financial services have proliferated, diversified and specialised.

Suggestions that these services might be more effectively marketed arose at a conference of Scottish industrialists last year. It was thought there that Scotland stood to gain at the expense of the big financial conglomerates in the south.

The Scots saw the independence, smaller size and flexibility of the financial services sector as good points to market. Above all they saw Scotland as a place where investors could avoid the potential conflicts of interest that might arise within the multiple operations of a conglomerate.

Others saw the need for promotion as increasing the awareness within the Scottish financial sector of the potential danger that some services north of the border might be overwhelmed by the sheer weight of the conglomerates and that some of Scotland's companies might be taken over.

Promotion turned out to be more difficult than expected. The Scottish Councili, Development and Industry, an independent lobby organisation with both private and public sector membership, undertook a study of the potential for promotion. But a readiness for coordinated action in practice was not automatically forthcoming.

The council's study found that generic promotion, a sort of "finance it in Scotland" campaign, would not work because of the differing ranges of services offered by the 240 or more Scottish companies in this sector. It did, however, see some prospects for pushing the resources of the investment trusts overseas.

By virtue of their international connections as investors, and the performance reputations thereby gained, Scottish investment managers are already an acknowledged component of the international investment community, the study noted.

Among its other recommendations were that research be undertaken into the opportunities for Scotland's financial services out of the liberalisation now under way. It believed the demand for financial services within the rest of the UK was worth study as was the feasibility of establishing new markets in Scotland or for relocating markets from London.

The advantages in telecommunications would make much of this possible and would help close the gap between London and Edinburgh.

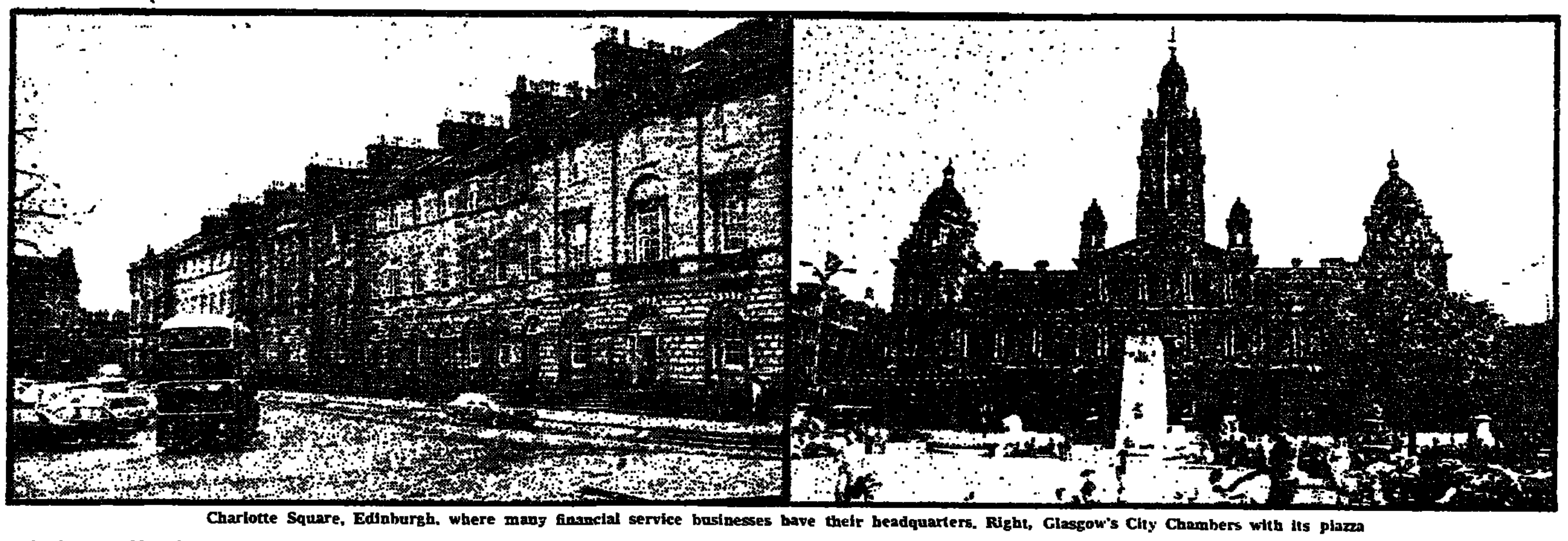
"'Marketing' is as important in services as in manufacturing," the report noted. "The financial service providers which are responsive to changing customer needs are liable to grow fastest. Keeping Scottish companies in that group is an important objective in the development of the Scottish economy," it said.

Mr Hamish Morrison, the council's chief executive, feels that specialised niches such as specific areas of financial services are the strong points to market to the outside world.

"We are smaller and under the shadow of the rest of the UK, England in particular. When it comes to marketing services, no one knows us. The only way to success is through specialist niches that we are good at," he says.

"In the end it is down to excellence. The identity tag such as the tartan and heather are useful, but thereafter you are on your own. The product either stacks up or it does not'" he adds.

"There is nothing wrong with the ethnic bit in colouring up your presentation. But if you think that carries you further than the front door, you have a nasty surprise coming."



Charlotte Square, Edinburgh, where many financial service businesses have their headquarters. Right, Glasgow's City Chambers with its plazza

Why the two cities are smiles apart

Glasgow

GLASGOW nearly pulled off a fast one against its old rival Edinburgh last month. Were it not for the intervention of a city father, Edinburgh buses would have carried the slogan "Glasgow's Miles Better."

Glasgow District Council's advertising agents, Struthers, were not daunted and went on to other plans for distributing "Glasgow's Miles Better" luggage labels in Spain and arranging for the catchy ambiguity to be translated into a number of other European languages.

A sustained exercise in changing the outside world's perception of Glasgow seems to be working. For a start tourist traffic is increasing and these visitors will take back with them the message that Glasgow is a changed city.

In just over a decade of urban renewal, Glasgow would be a shock to many who left the city to get away from one of Europe's worst slums, a city showing the sores of dead and dying industries.

One of the city's big marketing problems has been to overcome the picture the departing Scots took with them as they moved south of the border or abroad: a distorted and very outdated picture of tough left-wing politics, hardship and crime.

Slums were cleared and thousands of Glaswegians were found new homes in the satellite new towns outside the city. Glasgow was so effectively depopulated that city councillors wanted to bring some people back to the city centre.

The Glasgow East End Renewal project (Gear) run by the Scottish Development Agency, which has been a model for other European cities, gave new vitality to whole chunks of once derelict areas.

In place of smokey factories or delapidated warehouses, new office blocks have appeared. Restaurants have proliferated and the city houses Scotland's national cultural attractions in music and drama. The Burrell collection in the south of the city ranks among Britain's finest public art displays.

A key feature of some of the

most recent signs of change has been the high degree of private sector involvement. While the city in the past has depended on government assistance to bring in new industries to create jobs, now businesses have been encouraged to join in.

The Scottish exhibition and conference centre as well as the recently announced fund-raising for a vast glass-covered shopping precinct in the central St Enoch Square have been important victories involving the private sector in big re-development projects. This involvement has brought the private sector in on the desire to promote Glasgow more effectively.

The Scottish Development Agency has supplied the impetus for both the centre and the St Enoch development. It will also have a managerial role in the 1988 garden festival which will transform the Princess Dock area on the south side of the Clyde opposite the exhibition centre.

The M-8 motorway which once appeared to slash mercilessly through the middle of the city has turned instead into a magnet for new development. Two new hotels and the new Britoil headquarters have been built or are under construction to the east of the elevated roadway with the exhibition centre and planned garden festival on the other.

Just down the Clyde the shipbuilding industry, once in seemingly irreversible decline, has shown a recovery. The Govan shipyard on the south side has a healthy order book for merchant ships while Yarrow shipyard on the opposite site has become one of the main construction yards for Royal Navy frigates.

The problems of the city have not gone away. There are pockets of Glasgow where male unemployment is nearly 50 per cent but even here projects like the community business movement, which has its origins in the West of Scotland, is helping bring new life to some of the most rundown communities which are unlikely to benefit from inward investment. Local communities too have become involved in marketing themselves and their co-operative style enterprises.

Dr Michael Kelly, the former Provost or Lord Mayor of Glasgow was a key figure in organising the city's marketing effort. In 1983 he raised the funds from local business in Glasgow to hire Struthers to organise a campaign to promote the changes in the city.

"Glasgow had a vast number of misconceptions, a throwback to 20 years ago, recalls John Struthers. "Anyone who comes to Glasgow now can see the major changes of the past 10 years."

Mr Struthers, who thought up the "Glasgow's Miles Better" slogan, feels enthusiasm and pride are growing in the city.

"Perceptions have radically improved," he says.

Scottish success story

SOME SUCCESSFUL marketing lies behind much of Scotland's new growth in high technology industries.

U.S. and Japanese companies have taken some convincing before they move abroad and require deft promotional talents to win them over. The competition within Europe for mobile companies, those seeking a base within the EEC, has become increasingly fierce.

This has further increased the need for professional marketing by Scotland, in competition with England and Wales for those companies which generate new jobs and industrial growth.

They all face competition from Holland, West Germany, Ireland and France where equally professional representatives, are queuing up at the doors of companies contemplating a move.

Putting the right message to the right company has been part of the success for Scotland which has one of the most powerful concentrations of electronics companies in Europe: over 300 companies supporting over 40,000 jobs.

The marketing tool developed to win vital foreign investment here is called Locate In Scotland. It has a formidable success rate accounting for £1bn in foreign investment in its three years of operation.

Its establishment overcame local internal and counter-productive rivalries within Scotland by new towns and local government which had operated separately abroad. Above all it provided inward investment with the one door for all information, government financial backing and property advantages.

Locate In Scotland brought together the grant-giving powers of the Industry Department for Scotland and the industrial promotion experience of the Scottish Development Agency. Its offices near New York and in San Francisco, Chicago and Houston have become useful listening posts and marketing locations.

LIS has followed through a strategy, developed by the Scottish Development Agency to build on the cluster of big multinational electronics companies which set up here after the war such as IBM, National Semi Conductor and Hewlett Packard.

High-tech industries

The strategy identified special areas, especially within electronics, to encourage expansion. The semi-conductor market in particular was seen as ideal to create the jobs needed to help overcome the losses caused by the decline of manufacturing in Scotland.

These specialities, it was hoped, would eventually create indigenous Scottish companies to supply the large foreign establishment providing components and services. Much debate has been generated over the past two years as to whether "critical mass," as the industry terms it, has been reached: whether the growth of small service companies is now spontaneous.

The competition between Scotland and other European countries often meant that the Scots could not afford to be too fussy about who might want to set up shop and join silicon glen.

But the relatively narrow band of electronics which the agency has cultivated meant that marketing has become highly specific.

This target approach by the agency through LIS has paid off. Marketing has even taken the form of investing SDA venture capital funds in one U.S. company to encourage it to set up a Scottish base when it was ready to move to mainland Europe.

The semi-conductor business, with an established base in Scotland, was obvious ground for cultivation. Today central Scotland's central belt has the highest concentration of volume wafer fabrication in Europe. By 1986 the number of jobs in this band of electronics alone is expected to reach 6,500.

When promoting Scotland abroad, Locate In Scotland management found varied and sometimes wild perceptions of the Scots. Some companies, it turned out, had not taken on board that Scotland as part of the UK had access to the European Community.

Selective advertising, sponsored trips for U.S. journalists and articles in the trade press all helped bridge the gaps.

Over the past year anxiety has risen as to whether the accumulated marketing gains by Scotland might be lost with the review of regional assistance offered by the British Government.

The emphasis has moved away from the automatic grants for incoming companies to help them cover their setting up costs. The regional aid review now puts much more emphasis on selective assistance with aid linked to job creation.

Another worry has been over the future of U.S. offices of Locate In Scotland. Central government, anxious to reduce spending and co-ordinate British overseas promotion, has queried the need to have separate Scottish representataion.

Locate In Scotland hopes that the 26,000 jobs created by its market efforts over the past three years will speak for itself. The issue has been shelved for the moment.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

David Stapleton: now diversifying into related areas

How to deal with big fish

Pinneys sells salmon to Marks and Spencer. William Dawkins reports on lessons learnt

IN RETROSPECT, it looks ironic that former stockbroker David Stapleton abandoned his first independent business venture, an up-market farm produce concern, to do something "much smaller in concept."

That small concept was *Pinneys Smokehouses*, a smoked salmon producer for which his family interests paid £20,000 nine years ago. Now renamed Pinneys of Scotland, Stapleton's company is the only supplier of smoked salmon to Marks & Spencer. It has become twice the size of its nearest rival, and expects to see its turnover rise from £5m to more than £7m in the year to September.

Based in Dumfriesshire, Pinneys is an example of the way in which it is possible to turn a *cottage industry into a leader in* its field by applying techniques perfected by much larger businesses like production and cost control. It also shows that while a high exposure to one customer (M & S accounts for half of Pinneys' sales) has its drawbacks, such dependence can actually help the supplier make its business more efficient *and widely based.*

The importance of production control to Pinneys can be gauged by the fact that raw materials—mostly fresh salmon—make up 55 per cent of its overhead costs. If it wastes just 1 per cent of the 750 tons of salmon it expects to buy this year (that is a sliver the size of one's little finger from each fish), Pinneys' profits would suffer by an estimated £41,600. Last year's taxable profits were £436,000, up from £162,000.

The M & S link has been important both because of the technical help the store has offered in developing new products like smoked salmon pate or salmon roulade and because of the flexible attitude it can *afford to take over pricing.*

If the price of any particular ingredient suddenly shoots through the roof, for instance, M & S can minimise the damage to sales of that product by spreading the increase *across all five of Pinneys'* M & S lines. "Much of what we have achieved would not have been possible without M & S," admits Stapleton, 51. The respect is mutual. Clinton Silver, M & S's food director, describes Pinneys as a "model supplier."

To earn that accolade, however, Pinneys has had to learn several hard lessons on the way. It is now busy diversifying into related areas like trout terrine, shellfish, crab and lobster, conscious of the fact that dependence on one product and one customer — however high *quality—cannot be ideal.*

So far at any rate, Pinneys has benefited from smoked salmon's increasing popularity. It has become more widely—*though not more cheaply*—available through the growth of salmon farming and the importance which large supermarket chains have attached to this high value product as part of their diversification into fine foods.

Pinneys' first big lesson came when M & S approached Stapleton, in maintaining its he would like to be considered as a supplier. The costs for such a small company of putting *itself on the right footing* to do business with M & S were considerable.

The company had to spend £39,000 on bringing its hygiene and food handling up to M & S standards before negotiations even started. Over the years, it has spent "several hundreds of thousands of pounds," says Stapleton, in manitaining its *three factories to the store's* requirements.

The M & S contract also had substantial hidden costs, though Stapleton and his colleagues are in no doubt that they were a fair price for a large and stable *source of sales. These were the* potential conflict which might arise with other supermarket customers—Pinneys now supplies most of the big multiples—and with the group's own products. Pinneys has had to squeeze the margins on its mail order sales to keep them competitive with their M & S equivalents, which benefit from economies of scale in transport denied to a small company.

Packaging proved to be part of the answer to those conflicts. Pinneys does not put its name to its M & S lines and packages other under different designs which reflect the styles of the retailers rather than its own.

One of the benefits of the M & S deal was the store's insistence that Pinneys take on a director with a *backgorund in* food technology and processing—a recognition that Stapleton's main skills were in general management and finance, but not in production. The new recruit was David Dowson, a *food processing* consultant and former Geest executive, whose direct, sometimes peppery management style contrasts markedly with Stapleton's breezy, patrician air.

Dowson immediately noticed *two areas where iPnney could* benefit from techniques that were commonplace among bigger food companies. By the time a salmon has been trimmed and boned, it is often down to 40 per cent of its original weight. The rest, until Dowson's arrival, went into the bin.

Now the *trimmings are made* into smoked salmon pate and roulade, products which will bring in an estimated £1m *worth of sales this year.*

Control of production costs was the other area to come under Dowson's scrutiny. Accidental waste is inevitable when sides of salmon have to be presliced by hand. The solution was partly managerial, and partly technical.

"Below the post of factory manager, there was nothing," says Dowson, *who promptly* appointed shopfloor supervisors at all stages of production from boning to smoking. His other *innovation* was to order a computer system, which weighs each box of salmon before and after each stage of processing and—in order to monitor performance — can identify the employee who handled it.

That system might sound over-elaborate for a small company with 230 staff. But it comes into its own during the *rush in the two weeks before* Christmas, which accounts for almost a quarter of the year's output. It is also something of a comfort to Barclays bank, which sees Pinney's overdraft move from around £600,000 to upwards of *£2.5m over the same* period.

With those controls in place, Pinneys has proved itself as one of the most efficient smoked salmon producers in the UK. Now it is facing the twin challenge of becoming equally efficient in related areas and of building up a marketing network independently of M & S.

Last October, it paid £20,000 for a 49 per cent stake in Clearwater Lobsters UK, the British marketing arm of a Canadian lobster fishing company and is busy developing shellfish recipe dishes for its supermarket *customers. A month ago it* acquired Harvey and Brockless, London's largest independent cheese distributor, in a share exchange deal worth an estimated £700,000.

"That gives us a company *with a toe in the door of all the* best hotels and restaurants in London," explains Stapleton. On the strength of those two acquisitions, Stapleton can see his sales rising to £32m over the next four years, well beyond Pinneys' present capacity.

The group raised £500,000 last year from three financial institutions to build a 1,200-ton cold store to cope with this year's expansion. Next October, it plans to move into a £1.6m factory being built nearby by the Scottish Development Agency where Stapleton expects to employ another 100 people, *rising to 250 by 1987.*

Sharing out the rewards

THE UNION of Independent Companies, a leading small business lobby group, is pressing the Government to make it easier for privately owned concerns to prevent their shares *from falling into hostile hands.*

The UIC and other lobbyists are becoming increasingly anxious that private companies are severely restricted in their control over equity issued to staff under Inland Revenue approved employee share schemes. They fear that companies have inadequate legal power to force employees who leave to return their *shares,* or to prevent equity being sold to outsiders who might interfere with the management.

"It is very important that private companies are controlled by the people who work in them," says Bill Poeton, president of the UIC. His anxieties were thrown into relief by the recent rejection *by John Moore, financial secretary* to the Treasury, of an amendment to the Finance Bill which would have given private companies more power to limit access to their shares. He has promised to consider such a measure further, but it would be unlikely to take effect before the next Budget.

Moore deferred any changes partly because of the complexities they involve (such as how to protect employees and whether to include quoted companies) and partly because the Inland Revenue has already taken a step towards easing the *problem. It announced early* last month that companies running employee share schemes could veto transfers of equity so long as they could prove that such sales would be against the interests of the business.

Poeton argues that Inland Revenue statements of practice can easily be changed and that "the only way to get this done is through legislation."

The issue has gained increasing prominence recently because of the impact of the tax incentives available under the Government's share option scheme, which has attracted 1,300 companies since it was launched last year.

Tax concessions to encourage employee share ownership were first introduced in 1978, with profit-sharing equity schemes, followed two years later by savings related share incentives. The earlier schemes, however, proved too restrictive to satisfy *many senior staff and executives* and were only adopted by an estimated 600 companies.

WD

Government policy

Time to redirect the emphasis

Too much can be expected of small firms. William Dawkins reports

THE Government could be expecting too much from small businesses as a solution to unemployment, warns a leading academic.

Professor Paul Burns, director of Cranfield School of Management's Small Business Develop*ment Centre, the largest of its* kind in the UK, writes in a recent research paper: "Small business is in danger of being oversold as the answer to Britain's economic ills and these high expectations seem unlikely to be fulfilled."

He adds: "Government policy has been directed towards encouraging the establishment of small businesses and this has been very successful. Perhaps it is now time to redirect the emphasis towards encouraging existing businesses to become more profitable and productive."

Burns cites Department of Trade and Industry figures which suggest that small enterprises are becoming far less profitable and efficient than their larger brethren and are relying heavily on credit from suppliers for funding—a source of finance which is "unstable and unrealistic," he points out.

His paper, based on research being carried out at the centre, will form part of a book, *Small Businesses in Europe, to be* published late this year. Its conclusions contrast markedly with recent surveys by the Confederation of British Industry, indicating that small businessmen's confidence is improving. Although the CBI uses more up-to-date material, its small firms' surveys look at output, orders and employment, rather than the financial ratios examined by Burns.

He points out that businesses with capital employed of less *than £4.16m saw their annual* return on net assets slip from just under 18 per cent to 8 per cent in the four years to 1981, while companies above that size experienced a far less steep decline from 17 per cent to 16 per cent over the same period.

A look at their balance sheets in 1977-78 showed that they were twice as dependent as large companies on credit from suppliers. "If small companies are being squeezed for credit, they are squeezing their own creditors even harder. It is difficult to conclude that small firms are more sinned against than sinning," says Burns.

More recent statistics of that *nature are unfortuniately not* available, and Burns admits that it is hard to tell for sure whether his findings represent a momentary slip in small business' performance or point to a trend which is continuing today. Yet he sees no reason why the relative profitability of large and small companies should have changed dramatically.

If the malaise does prove to be long term, then Burns suggests that the Government would do well to concentrate less on promoting start-ups and more on helping existing firms overcome their growth pains.

In brief...

KENT County Council is offering £500,000 through its development agency, the Kent Economic Development Board, for small businesses in need of venture capital.

The board is prepared to invest sums of between £20,000 and £250,000 under the scheme, which runs until the end of this month, and plans to hand over the first tranches of risk capital in September. 3i is also prepared to put up additional unspecified amounts depending *on the quality of the* ventures that come forward.

Applications will be vetted by accountants Peat, Marwick Mitchell. Business plans must be presented on a questionnaire available from *Peter Beckham, chief* financial executive, Kent Economic Development Board, Brenchley House, Week Street, Maidstone, Kent ME14 1RF.

●

BARCLAYS Bank is staging a competition for small high technology start-up ventures.

The bank is offering a first prize of £5,000 and a second of £1,000 to the group producing the most viable business plan. Entries should be submitted by August 31 *and* should be no more than 20 pages long. They are expected to show a balance between technical, marketing and financial skills.

***Prizes will be presented at* the opening of the Barclays Techmart Exhibition, an event designed to bring technological ideas generated by universities and private inventors to the attention of *small businesses, which takes* place at Birmingham's National Exhibition Centre from October 22 to 25.**

Details from Ian Duffell of Barclays High Technology Team, 54 Lombard Street, London, EC3P 3AH.

●

A DO-IT-YOURSELF guide for businesses which want to set themselves up as workers' co-operatives has been published by the Industrial *Common Ownership Move*ment (Icom).

It enables co-operatives to register as limited companies while ensuring that all employees are members of the management group and *prohibiting outside* participation. Collectively - Run Workers' Co-operatives: Registration Pack costs £5.50 from Icom, 7-8 Corn Exchange, Leeds, LS1 7BP.

●

THE latest guide to the complexities of employee share incentive schemes comes from the management consultancy, Copeman Paterson.

***Its booklet, Top Manage*ment Incentives, is unashamedly designed as a marketing tool for the firm, but it also gives objective, practical advice on incentives ranging from simple cash bonuses to profit sharing and savings related share schemes. A summary of the legislation affecting incentives outlines the tax consequences of distributing profits and equity to staff.**

The guide is available free from Copeman Paterson, 10 Buckingham Place, London, SW1E 6HX.

●

THE number of new companies to be registered in the UK rose by 11 per cent in the first three months of this year, according to statistics released last week by the Department of Trade and Industry.

***In the quarter from* January to March, 26,800 new ventures registered with the Companies Registration Office, as against 24,164 in the comparable period in 1984. The March total was 10,304, up from 9,707 in March last year.**

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TECHNOLOGY

EDITED BY ALAN CANE

Flat screens challenge the cathode ray tube

Geoffrey Charlish on computer terminals

STC'S ADVANCED research centre at Harlow, Essex, has developed a new kind of flat, liquid crystal display screen that could replace the cathode ray tube in computer terminals.

For many years the tube has held a dominant position in the display market, producing clear text and graphics which it can alter or replace at high speed. It is easily addressed via two pairs of connections and has become cheap through mass production.

But a typical data terminal tube measures 12 to 15 inches from front to back and weighs several pounds, resulting in unwieldy portable equipment. Its image is easily degraded by strong room light and flicker can occur. Furthermore, it uses much more power than liquid crystals and requires high voltages.

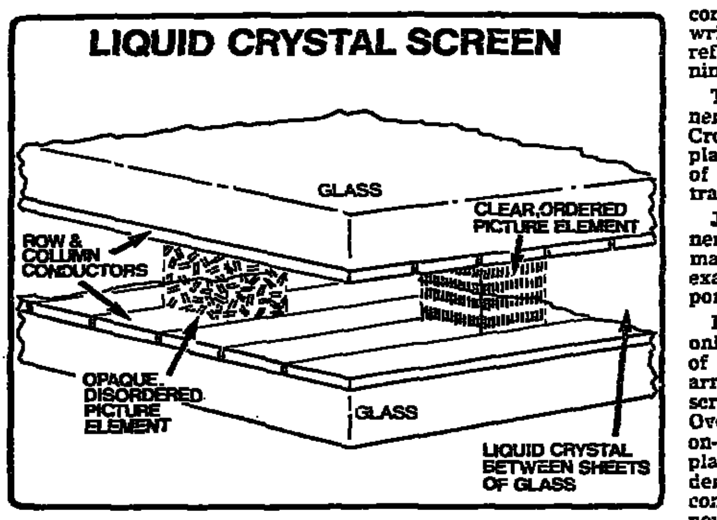
So the race is on to design large, high resolution, high contrast flat screen displays using liquid crystals. Unlike the tube and most of the competitive flat screen displays (gas plasma or electroluminescent types for example), liquid crystals do not produce illuminated images. Instead, they selectively block off many tiny screen areas from which no room light is reflected, producing black on white images.

The team at STC's Standard Telecommunications Laboratories (STL), is using a type of liquid crystal called "smectic A," which has a different molecular structure to the familiar wrist-watch display crystals (called "twisted nematic") and can be switched more quickly from transparent to opaque.

The display consists of two sheets of glass with many, closely spaced transparent conducting stripes running from top to bottom on one sheet and from left to right on the other. The liquid crystals are sandwiched between in a layer only 12 microns (millionths of a metre) thick. To write a pixel (picture element), circuits driving the display place a voltage between the appropriate pair of conductor stripes and a black dot is produced where they cross.

The black area results from the way molecules are arranged in the material. They are in effect tiny rods which, viewed *end on allow most of the light* through. The application of a voltage however, disorders the rods so that they present their *lengths to the direction of light* and block it off. In nematic crystals, the rods revert to the transparent state immediately the writing voltage is removed.

In smectic material, however, the rods exist in layers which become "knotted" together when the writing voltage is applied and remain so after it is removed, retaining the image. A special high frequency voltage is needed to "untie" the knots for re-writing.



At one time, addressing the many thousands of cross points needed *to give* a display of reasonable definition was considered too difficult and expensive.

Today, photolithography *is* used to lay down the fine patterns needed while multiplexing (an electronic technique *allowing many points* to be energised from very few electrical connections) is used for addressing. Special multiplexing semiconductor chips have been made at STL.

The memory of smectic crystals allows higher resolution screens to be designed. With conventional nematic crystals, the more pixels there are in the display, the faster the two sets of stripes have to be *scanned in order to refresh the* picture and keep it visible. This makes it difficult to achieve completed on and off cycles for *each pixel in the time available.* So the contrast ratio of black to white (on and off) gets worse as attempts are made to increase the resolution.

Memory in the STL device has the effect of improving contrast because the pixels are written only once and need no refreshing — there is no scanning and no contrast reduction.

The present limitation of *nematic crystals, says* Mr Bill Crossland, manager of the displays group at STL, is a screen of 620 x 100 pixels with a contrast ratio of 3:1.

Japanese flat displays using nematic crystals are on the market and have been used for example by Data General in a portable computer.

In the STL device, which is only 2 in thick, a contrast ratio of 7:1 has been achieved on an array of 420 x 780 pixels. The screen area is 7.6 in x 10 in. Over 25 lines of 80 clear, black-on-white characters were displayed at a recent London demonstration — the image was *comparable with a piece of good* newsprint.

The technology is not fast enough for television with a full screen write time of almost one second. But there are prospects for colour, using dye combined with liquid crystal material.

STL believes that for computer displays its system should *be cheap to make in volume,* although it will not talk about products or prices yet. But a big market awaits — it should rise to 1.5bn world-wide by 1987 according to market research company Arthur D. Little.

Fastest micro-chip yet races towards $14bn market

BY ALAN CANE

U.S. SCIENTISTS believe they have created the fastest computing element yet, a transistor in which the electrical signal travelled from the input to the *output of the device in just over* 11 trillionths of a second at ordinary temperatures.

Cooled to the temperature of *liquid nitrogen* (77 degrees Kelvin), the signal moved nearly twice as fast.

The device was made by researchers from Honeywell, the control and information systems multinational, at is physical Sciences centre at Bloomington, Minnesota. They used gallium arsenide, a semiconductor which many believe will replace silicon in the fastest computer chips of the future, but which is still at the experimental stage for most electronics companies.

The Honeywell team's achievment is seen as a major step towards the very large, complicated chips which will be needed for applications ranging from supercomputers to the systems needed for the Star Wars programme.

Gallium arsenide chips are particularly suited to these purposes because of their speed and the fact they are comparatively resistant to radiation, unlike silicon. They are especially useful in space.

Seymour Cray, builder of the world's most powerful supercomputer, the Cray 2, is working on gallium arsenide chips for its *successor,* the Cray 3.

Honeywell, in partnership with the U.S. electronics group Rockwell, was awarded a U.S. Department of Defence contract in 1983 to establish a pilot gallium arsenide chip production line. It has already developed a first phase fabrication technology which it will transfer from the laboratory to its manufacturing division this year.

It expects to transfer the technology it used to create its superfast switching transistor to its manufacturing division by 1989.

What it did was to build a 25-stage ring oscillator, a comparatively simple integrated circuit consisting of 25 transistor switches connected one *after another, with the last* switch joined to the first.

Such circuits are not new, but Honeywell achieved the extra *speed* by a novel technique of its own devising which aligns the electrode which controls the switch exactly with the circuit elements written onto the chip surface.

It also announced this week that it had developed a way of making gallium arsenide chips with strong similarities to the most popular technology for *silicon chips today,* CMOS *or* Complementary Metal Oxide on Silicon.

This technology, which enables Honeywell to make devices it calls Heterostructure Insulated Gate Field Effect Transistors or HIGFETS, offers the potential to combine the high density of silicon circuitry with the high speed and resistance to radiation of gallium arsenide.

Honeywell's new HIGFET circuits will find applications in the computer, telecommunica*tions, satellite,* aerospace and defence indsutries. It expects the devices to be on the market in the next three to five years. Although traditionally a "captive" semiconductor supplier, building circuits only for its own operating companies, Honeywell is committed to selling its gallium arsenide chips on the open market.

Until now, the prospects have seemed uncertain, Dr William Sackett, Honeywell vice president of corporate research says the market is not really firm yet. Nevertheless, consultants predict that by 1994, the market will be worth $7bn a year in the U.S., $5bn in Japan and $2bn in Europe.

On Thursday: Gallium arsenide—the chip of the future

New laser printer from Xerox

RANK XEROX has introduced the model 3700 laser printer, a *mid-volume* machine intended for use in distributed computing environments.

Using a helium neon laser beam directed to "write" characters by means of electronically driven mirror systems, the 3700 has a small screen and keyboard for setting up purposes.

A built-in 10 megabyte Winchester disk stores a library of 500 founts, 16 of which can be used on a single page, and four electronic form layouts.

The machine prints directly from the output of a computer at up to 24 pages a minute and has a 2,000-sheet feeding capacity. It is also able to store incoming jobs *for printing when the* machine is free. The print resolution is 300 dots per inch and acceptable paper sizes are A4, legal, foolscap and A3.

The printer will accept data from IBM and other leading mainframes

Tap into a DEC network

DIGITAL EQUIPMENT Corporation (DEC) has introduced networking software which will enable users of the IBM personal computers to tap into DEC networks and so obtain access to the computing power of the VAX range *of computers and other DEC* machines.

The system is called DECnet-DOS and it will give users the advantages of DECnet file transfer and remote data access.

DECnet conforms to the open systems interconnect model of the International Standards Organisation, closely matching the seven layer concept. More on 0734 868711.

Green light for lasers that repair semiconductors

IN THE U.S., a combined development effort by Teradyne, the automatic testing equipment company and laser firm Quan*tronix has produced a highly* stable green light laser.

Teradyne is to use the laser in a new system, the M11SG, which is able to modify one megabit random access memories (RAMs) by shining tiny pulses of light at *specific* areas of the chip.

Green light is particularly suitable for repairing or modifying the memories because the energy is more readily absorbed by the *semiconductor* material and has twice the depth of field or the infra-red beams currently used for the job.

Previously, lasers producing green light have tended to be unstable, making it difficult to point the beam at the minute area of the chip without wandering.

Memories are made with excess capacity (called "redundancy" in the chip business) so that, if some elements are defective, others can be brought into play by disconnecting conductive links on the surface of the RAM.

But the dimensions involved are very small and the job must be done without damaging neighbouring parts of the *integrated circuit or* the substrate underneath.

On a typical one megabit RAM chip, the conductive links are less than 1.5 microns wide—about 0.001 of the diameter of a human hair—and are spaced four microns apart. The laser disconnects from 50 to 100 of them, each with a single laser pulse.

The combination of redundant memory and laser modification can improve manufacturing yields of high density chips by three or four times, says Teradyne.

The new laser uses a potassium titanyl phosphate double crystal and a laser cavity design that has been optimised for high pulse stability. The laser delivers a green pulse that last for only 40 billionths of a second and is claimed to be four times more stable than existing green light laser systems.

A beam only 3.5 microns (millionths of a metre) is emitted by the device, directed by a mirror system to the desired spot on the semiconductor Automatic focussing and control of the pulse power is provided.

The laser station includes systems for power control and for positioning beam and semiconductor wafer. A closed circuit television system eases viewing via a microscope. Control is by a Teradyne minicomputer. The system costs $370,000 in the U.S. In the UK, Teradyne is in Esher on 0372 62199.

GEOFFREY CHARLISH

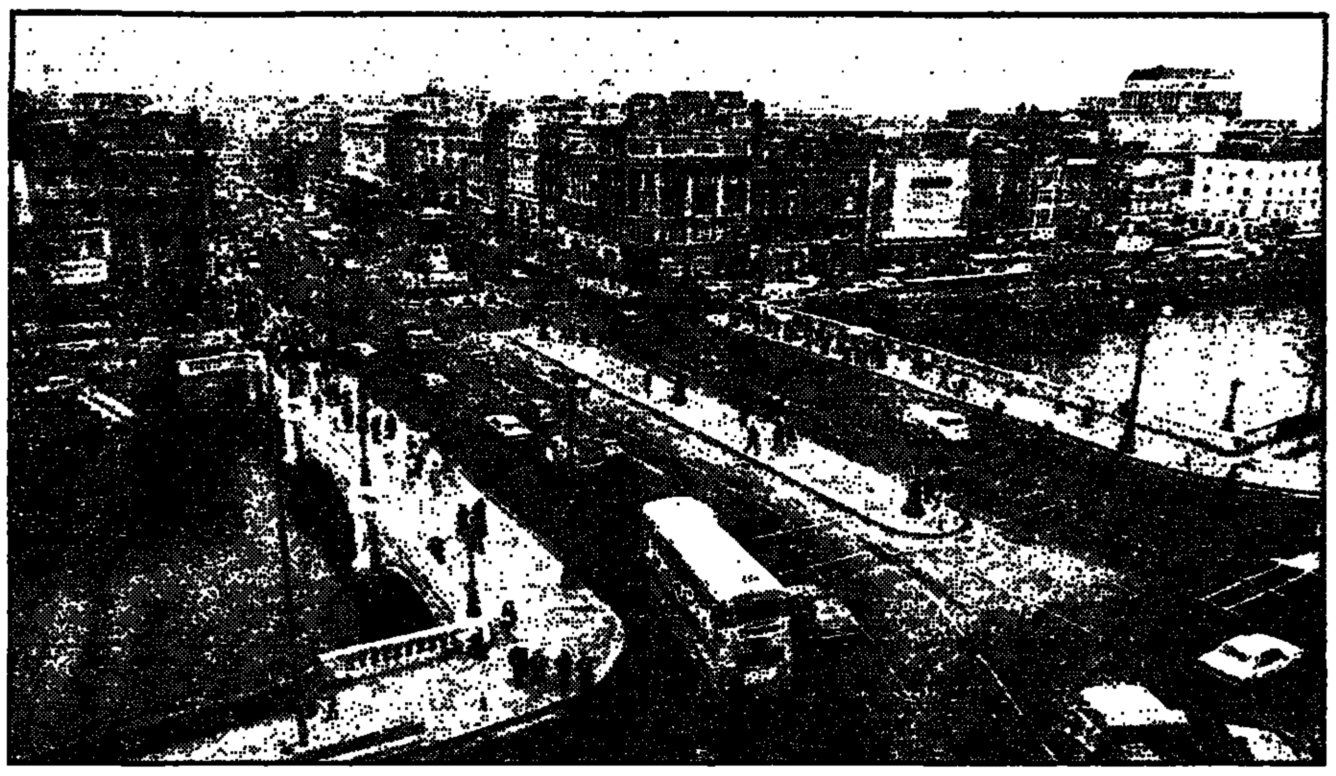
FINANCIAL TIMES SURVEY
Tuesday July 2 1985

IRELAND

The benefits of foreign investment have not proved sufficient to resolve the country's economic problems. Attention is now being concentrated on Irish enterprises as the Government tries to service its increasing foreign debt and create more jobs

Optimists take the cure

By Brendan Keenan
Irish Correspondent



The O'Connell Bridge and O'Connell Street, Dublin. Two thirds of Ireland's population lives in or close to the capital

IT IS EASY to tell that the Irish are a religious people, a senior Irish government aide remarked recently, because despite any evidence to the contrary they always believe everything will be all right in the end.

Whether it is a sign of decline in religious belief or a new realism, politicians and people no longer seem quite such incurable optimists.

The biggest change may be in attitudes to economic performance and the potential of the Irish economy. The spiralling deficits of the 1970s and shock of the subsequent recession have at least ended the glib talk about the fastest-growing economy in Europe and an Irish economic miracle.

The structural weaknesses of the economy are better recognised, as is the relatively poor performance of indigenous industry. Ireland's success in attracting foreign companies is now often taken almost for granted by many people who tend to forget just how stiff is the competition for mobile investment.

The growing awareness of the cost of foreign investment, and the limitations of the impact of foreign companies on the local economy have produced a welcome concentration of attention on Irish enterprises in the new industrial strategy.

The results, if they come, will be felt some years in the future and the coalition government of Dr Garret FitzGerald, as well as its successor, will have to wrestle with more immediate problems. One is servicing the $8bn foreign debt and another is how to provide jobs for a rapidly-expanding workforce, of which 17.5 per cent is already unemployed. Naturally, dealing with one problem tends to make the other worse.

In the last two years, foreign debt repayments have been about the same as non foreign borrowing, so Ireland is adding to its foreign debt without any benefit to the economy. The only way out of this familiar vicious circle would seem to be further cuts in or elimination of, the current budget deficit.

The numbers fit but Dr FitzGerald argues that the impact on employment would be too severe and he has settled for a target of having a current budget deficit of 5 per cent of GNP by 1987.

It is not a wholly convincing argument, given that public spending accounts for more than 60 per cent of GNP and that the employment content of a good deal of it would be small.

The government did handle last year's negotiations with public sector unions skilfully. Pay rises and inflation have both come down close to European levels but the coalition, though it has squeezed state industries and local authorities, has never seemed to come to grips with central government spending.

One thing the government cannot do is resort to further taxation on any scale.

Among voters this is probably a bigger issue than unemployment and thoughts are already turning to the next General Election. This is due by the end of 1987 but could well be called up to nine months earlier.

Here, too, perceptions are changing. The opposition Fianna Fail party, led by Mr Charles Haughey, is comfortably ahead in the opinion polls but the days when a Fianna Fail leader in opposition was known as "the real Taoiseach" seem increasinigly remote. Dr FitzGerald's Fine Gael is still a long way off its ambition of achieving a parliamentary majority on its own, but there is a feeling that the Republic is becoming a virtual two-party state. That would be at the expense of Labour, Fine Gael's present partner in coalition.

Dr FitzGerald's new-style party has taken most of the middle-class social democratic vote which other European socialist parties win, while Labour must fight both Fianna Fail and the well-organised, Marxist-orientated Workers' Party for traditional working-class support.

The entry of Sinn Fein, political wing of the IRA, into working class areas on the back of such issues as housing, crime and drug abuse, only adds to Labour's woes.

The Republic is the only EEC country without a socialist MEP and Labour will be struggling to hold its 16 seats in the 166-seat Dail next time around.

Fine Gael's ambitions, and Labour's need to survive, means the two parties have been happy to argue in public even while serving together in government. A public row between the Fine Gael Industry Minister, Mr John Bruton, and the Labour leader Mr Dick Spring over the proposed national development corporation did neither any harm with their respective parties.

Even so, the corporation, which is intended to participate directly in industrial investment, is something of a compromise and the coalition seems completely at loggerheads over how to eliminate pirate radio and provide an alternative to the RTE monopoly.

Coalition Ministers have probably been at their best during crises, of which there have been several. The Government faced the collapse of two leading insurance companies and of the state-owned Irish Shipping since coming to power. Its decision to take over the insurance companies, PMPA and Insurance Corporation Ireland, while liquidating the shipping concern has been criticised but the Minister showed skill and resolution in all three cases.

In the absence of economic cheer, the government has concentrated on social issues, such as reform of the laws on contraception and illegitimacy and discussions on the possibility of introducing limited forms of divorce.

Dr FitzGerald made much of the fact that the law giving everyone over 18 easy access to contraceptives was the first time the Dail had passed a measure against the express disapproval of the Roman Catholic hierarchy. He has reversed the traditional role of his party, summed up in the saying that when a bishop raised his crosier Fianna Fail fell on their knees and Fine Gael on their faces.

The Prime Minister knows his new constituency is the urban professional classes who have little fear of croziers. Mr Haughey's tacit alliance with the Church has had some columnists dubbing him "Charles the Chaste." It is not an alliance Mr Haughey will feel particularly comfortable with but he calculates that he should woo the conservative elements while waiting for the salaried liberals to desert the government on ecoonmic issues.

Mr Haughey is also biding his time on Northern Ireland, in the belief that the present talks between Dublin and London will get nowhere. So far, his pessimism seems justified and failure will leave Dr FitzGerald isolated and vulnerable.

Yet there is a shift in attitude on this most traditional of issues too. Polls suggest that the old stance of calling for nothing less than Irish unity no longer commands even majority support among the Republic's population.

Dr FitzGerald may well have succeeded in persuading people that some other solution would be acceptable. The trouble is that, so far, no alternative is on offer.

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Left: Garret FitzGerald: pursuing three goals while Charles Haughey (right) remains a focus for the coalition

Pressures on Labour increase

Politics

MARGARET VAN HATTEM

JUST AS British voters are settling down to the art of operating a three-party system, those in Ireland appear to be moving in the opposite direction. And the use of proportional representation, which Britain's Alliance parties see as their salvation, appears powerless to stop the drift.

While the two major parties —ruling Fine Gael and opposition Fianna Fail—increase their territory, the smaller parties—primarily Labour, the Workers' Party and Sinn Fein—are being squeezed into competing for a shrinking patch.

For Labour to operate with its back to the wall is nothing new. It has always had a minority role in Irish politics, with several long, fallow periods. Its inability to woo supporters away from the two major parties, long after the constitutional split from which they sprang faded into the background of domestic politics, is one of the facts of Irish political life to which Labour leaders have apparently become resigned.

But the pressures of working in coalition with Fine Gael, which has captured much of the middle class, liberal vote which used to go to Labour, while Sinn Fein and the Workers' Party made inroads into the urban, working class vote which in theory ought to provide a bedrock of Labour support, represents a marked tightening of the screws.

Increasingly, people are beginning to ask whether this will be Labour's last period in coalition, and whether there is any permanent constituency for Labour. To Dick Spring, the popular and forceful Labour leader and deputy Prime Minister, the answer is a resounding "no" to the first question, and a more tentative "yes" to the second.

His aims for his party are modest: he aspires to no more than holding the balance of power in the Dail (Parliament) and sees little chance of increasing its representation there from the present 16 seats to more than 25. While the party has strong—some would say suffocating—links with the trade unions, he appears resigned to the fact that at least 80 per cent of trade union members will remain loyal to Fianna Fail.

Labour's main hope for the future, as Mr Spring sees it, is to consolidate its hold over the strange coalition of working class voters, small farmers and middle class Left-wingers currently holding it in place and, in the longer term, possibly to build an alliance of the broad, but small, Left.

For the marriage between Labour and Fine Gael is one of some inconvenience, held together largely by the looming presence of Mr Charles Haughey, leader of the Opposition.

Strains

Hostility to Mr Haughey's personal style, his alleged "opportunism" and "irresponsibility," helps Labour to justify keeping afloat a government with a none-too-socialist approach to the economic issues on which elections are lost and won. But the strains are telling, particularly among the Labour rank and file as they watch the small but energetic Workers' Party stealing their clothes.

And it is no secret that the coalition partners are heading in opposite directions—Labour straining to hold on to a place in Government, Fine Gael increasingly convinced that its future chances of forming a *government* will rest on *its* ability to commend a majority in its own right.

At the moment, that looks like a distant prospect. Last week's local elections delivered a crushing verdict on the coalition's performance so far, consolidating Fianna Fail's clear lead.

Most depressing for the government were the returns in Dublin, where Fianna Fail achieved more than double the Fine Gael vote, while Labour, for the first time, slipped behind the Workers' Party.

Given the apparent reluctance of Irish voters to give any government a second chance, Fine Gael looks unlikely to get the opportunity to go it alone until the early 1990s. In the meantime, the coalition partners continue to focus on Mr Haughey as their best hope of survival while bickering both in public and in private.

While there is surprisingly little dissent over the broad lines of economic policy, there have been minor explosions over such recondite issues as local radio, the role of the National Development Corporation, and the timing of legislation on divorce.

Standing somewhat aloof from the internal squabbling, Dr Garret FitzGerald has sought to use the opportunity of four years as Prime Minister without the threat of imminent elections—something of a luxury in the context of recent Irish history—to pursue three broad goals.

The first is to establish a pattern of prudent economic management, though the fruits may well got to his successors. Second, to introduce social reforms, though successes in reforming the law on contreception and illegitimacy appear modest measured against the aims of his original "constitutional crusade."

And third, there is the question of Northern Ireland, in which Dr FitzGerald has invested more political capital than may be prudent for any parly leader in the south. For Dr FitzGerald is seeking to do business with a government in London still apparently committed to the belief that the problems of reconciling the two communities in the north can be contained, but not resolved—at least, not in the twentieth century.

The policy of containment requires good relations with the Dublin government, but falls short of giving it any power in the north.

Months of talks between the two governments appear once again to have become bogged down over the inevitable question of security. Dublin insists that it cannot more overtly support, nor press the Northern minority community to support, institutions such as the Royal Ulster Constabulary, the Ulster courts or the Ulster Defence Regiment unless they are radically — and visibly — reformed.

British Ministers may privately concede that these institutions have been deeply compromised in recent years—but they also accept that the province cannot be administered without them, and that there are limits beyond which they are not yet ready to be pushed.

Dr FitzGerald appears to have pushed his electorate some way towards admitting in public what is often conceded in private—that the long way round of abandoning the commitment to Irish reunification may be the shortest route to a workable accommodation between the two parts of the island.

If the present round of talks ends in a cul de sac, he may well escape blame for this. Whether he would be forgiven for allowing the British to make a fool of him is another matter.

Foreign debt casts a shadow

Economy

BRENDAN KEENAN

THE IRISH economy at present is reminiscent of those school teasers about people pouring water into a bath which is leaking at the other end. There have been significant, even spectacular, increases in output in recent years, but outflows from the economy mean the net benefit has been limited.

The most serious leakage is *still foreign debt repayments.* Interest on the $8bn external debt removed almost 1 per cent of national income from the economy last year. Some rescheduling of the debt which took place recently will reduce the drain in 1985, but substantial repayments now stretch beyond 1995.

The other substantial outflow comes from profit repatriation by foreign companies which located in Ireland. The statistical reclassification last year of general capitatl flows into an estimated I£500m of profit repatriation caused considerable comment. The Government has introduced a new type of tax-exempt stock in an attempt to keep *more of the profits of* foreign companies in the country.

The debt servicing and profit repatriation are not strictly comparable, however. The former represents a real drain on the economy, equivalent to almost the whole of the receipts from income tax. The foreign companies' profits are nearly all earned from sales outside Ireland and the impact *of their repatriation on the* economy is limited.

The real problem is that the importance of the foreign industry sector makes economic data in the Republic difficult to interpret, and often not comparable with figures in other countries. Ireland is, in a sense, having to face problems caused by its very success in attracting *foreign investment in the 1970s.*

Mr Brendan Dowling of stockbrokers J. & E. Davy recently described Ireland as having, in effect, a "dual economy." One sector, mainly comprising foreign companies is characterised by high growth and profit marbins; and the other, mainly traditional Irish-owned industry, by low or negative growth and low profit margins.

This is not to argue, as some have done, that the strategy of attracting foreign companies is a bad one. Such companies employ 80,000 people, make a positive contribution to the balance of payments, even after repatriation, and have contributed most of what growth there has been in the Irish economy in recent years.

But, as Mr Dowling put it: "If we concentrate only on the output increase without looking at the impact on the domestic economy, we get a misleading picture of the health of the economy." Increasingly, commentators are looking behind the raw data and government policies are turning towards improving the performance of *Irish industry.*

This year industrial output will grow by ten per cent, according to the best estimates, and exports by 13 per cent. Even these impressive figures represent a slowdown on last year. Once again, the growth in foreign-dominated sectors such as electronics and pharmaceuticals will be the dominant influence.

Tax incentives

There has been some debate *among economists as to whether* the strong performance of foreign companies is partly due to "transfer pricing," with companies deliberately maximising *the profits accruing to their* Irish operations to take advantage of Irish tax incentives. On the published data it is impossible to give a definite answer.

Everyone does now compare the figures for gross domestic product (GDP)—before net outflows are calculated — with Gross National Product (GNP), *after they have been included.* For this year, while GDP is expected to grow by 2¼ per cent (compared with 3¾ per cent in 1984), GNP growth will be only 1½ per cent, which is the same as the 1984 figure.

Many economies might be happy to settle for the problems of too many successful foreign factories, but the same cannot be said of the debt servicing. Here there is genuine disappointment that the government, *despite all its efforts,* has not made more progress in correcting the imbalances in the public finances.

The coalition government's *original* targets, which included the elimination of the current budget deficit by 1987, may have been too optimistic, but there is now concern that its *revised targets may not* be met.

The latest warning came from the Central Bank, which said that the current target of reducing the current budget deficit *to 5 per cent of GNP by 1987,* and the public sector borrowing requirement to under 12 per cent of GNP, from the present 17 per cent is the very minimum needed. *With no overall* reductions planned this year, the Bank expressed doubts that the targets could be met.

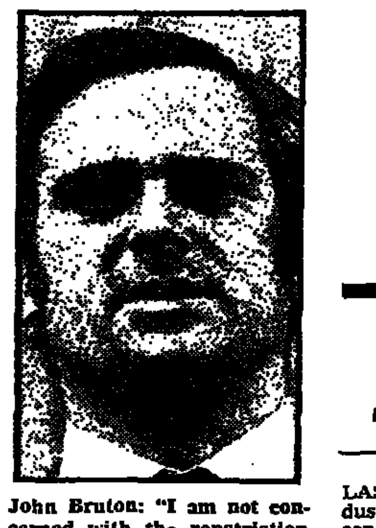
The Bank argued that the government is facing quite favourable circumstances for an assault on the public finances. As well as the growth in industrial output, real disposable income should rise by over 2 per cent this year. There has been a marked improvement on the external account, with the country likely to record a trade surplus for thefirst time in 40 years.

The biggest improvement has been in inflation, which is below 6 per cent, having been more than 20 per cent just three years ago. The stability of the Irish pound within the European Monetary System has helped *keep prices down, although* at the expense of some loss of competitiveness to Irish companies. But the government's own success on public pay, *where the increase has been* around 7 per cent, have also helped.

The government's dilemma is the 17 per cent rate of unemployment. *A growing labour* force means that an extra 20,000 jobs a year are needed just to make a dent in the jobless figures. Ministers fear that more spending cuts would send the total soaring and, in passing, doom whatever chance they have of winning the next election, due in 1987.

The comfortable *line of argu*ment is that the economy must grow out of its deficits. The new analysis of the economy's structure suggests this is unlikely to happen, unless some way can be found to revitalise native Irish industry.

A fall in international interest rates and the U.S. dollar, in which 40 per cent of foreign debt is denominated, would help but longer-term policies to improve the performance of the real economy offer the only way out of the present trap.



John Bruton: "I am not concerned with the repatriation of profits"

Economic forecasts - 1985

GNP—Value	7%
GNP—Volume	1½%
Personal consumer spending—volume	1¾%
Investment spending—volume	0
Current balance of payments (% of GNP)	I£650m (4¼%)
Consumer price inflation (1985-1984)	5¼%

Source: Irish Central Bank.

Muted impact of foreign companies

Industrial development

MARGARET VAN HATTEM

LAST SUMMER, Ireland's Industrial Development Authority conducted a survey to find out what the bigger companies in the electronics, food and health-care sectors, and their smaller suppliers in the plastics, sheet-metal, electronic components and packaging sectors, thought of each other. The results were revealing.

Purchasers, said the suppliers, were "hung up on the housekeeping," did not understand that statistical sampling and wastage recording were a waste of time for small companies and *did not have the technical* expertise to buy locally.

Suppliers, said the purchasers, had yet to learn that near enough was not good *enough, had no concept of time,* lacked quoting expertise, and did not see being helpful to customers as part of the business of winning orders.

So it is hardly surprising that one of the biggest problems facing those responsible for the country's industrial planning is that of "linkage" —linking the big, mainly foreign, manufacturers into the local economy.

Looked at one way, the impact of the foreign companies attracted to Ireland by generous government incentives over the past 15 years, has been spectacular. Exports account for about 60 per cent of the Republic's national product, and foreign companies account for about 80 per cent of exports. Provisional estimates for 1984 indicate that they are now earning profits of around £1.5bn a year.

The presence of foreign companies, particularly in the electronics, pharmaceuticals and chemicals sectors, has helped boost growth in industrial output to unprecedented levels in recent years.

The impact on the domestic economy, however, has been anything but spectacular. Foreign companies employ only about 40 per cent of the Republic's industrial workers, import more than half their raw materials (84 per cent in the electronics sector) and repatriate around 60 per cent of their profits.

Emphasis

The Government's White Paper on Industrial Policy, published last summer, reflected the pressure *for a change* of emphasis. While recognising the need to continue trying to attract foreign companies to Ireland, it urged that priority *be given to those performing* key business functions—such as research and development, and marketing—in Ireland.

More important, it stressed *the need to integrate the activi*ties of foreign companies into the domestic economy if the prime aims of industrial development policy—boosting em*ployment, maximising* value-added in industry, and retaining the wealth created for further job-creating investment—were to be realised.

*The way forward, it sug*gested, lay in greater selectivity in the allocation of state aid, in *an attempt* to build a *strong* stratum of home-grown companies capable of interlocking with the foreign ones. Grant aid would be confined in future to companies producing primarily for export; supplying advanced technology to internationally-trading or other skilled sub-supply firms in Ireland; or filling other niches on the Irish market where at least 25 per cent of supplies were imported. Companies seeking grants would also have to submit business devlopment *plans and demonstrate that* their projects were viable.

Improve

The White Paper's proposals *for government schemes to* improve marketing, product design and development, and to promote acquisition of advanced technology and corporate planning, are slowly being implemented, and 500 companies should benefit this year.

While Mr John Bruton, Minister for Trade, Industry, Commerce and Tourism, insists that he gives greater priority to *job creation than to boosting* output, the White Paper asserts that the potential for job creation in industry is strictly limited if Ireland is to compete internationally.

Industrial policy is an important part of employment policy, but not a substitute for it, it says. And Mr Bruton concedes that even if manufacturing output were to double over the next decade, in line with government targets, the net increase in manufacturing jobs would not exceed 3,000 to 5,000 a year.

With unemployment nudging 17 per cent, and a projected annual growth in the labour force of 17,000, the need for retention of profits within Ireland to generate jobs in services and other spin-off areas, is obvious.

But, says Mr Bruton, the government will not impose restrictions on the outflow of capital. "I am not concerned with the repatriation of profits," he says. "We always knew it would happen. We want foreign companies to invest more here, but if we restrict their freedom, they won't come."

The government and its agencies should be catalysts, fostering the renewal of the *country's industrial base* and helping Irish companies to get started in new areas, he says. But once established, they should have to fight for their *own survival.*

He is determined that companies should be weaned off what he sees as an over reliance on debt finance and state grants, and on to private risk capital.

As he sees it, this should apply particularly to the new National Development Corporation, the setting up of which has *increased tensions* between the two coalition parties. Labour seucceeded in forcing Mr Bruton to abandon plans requiring the NDC to sell off its in*vestments after a fixed period,* forcing companies to sink or swim.

But he appears not to have abandoned all hope of making *the NDC self-financing* through the sale of investments. Both parties agree that the NDC should operate in industry on a partnership basis, but the scale *of its operations remains* a topic of burning dissent.

Rescue brings more worries

Banking

BRENDAN KEENAN

WHEREVER Irish bankers meet these days, the talk is still of the problems of the Insurance Corporation of Ireland (ICI), the subsidiary of Allied Irish Banks which was rescued by the Government last March with losses whose total remains unknown.

The continuing uncertainty is one of the main preoccupations of the bankers, who still *do not* know if the financial industry will be called upon to pick up some of the burden. The government-appointed administrator, Mr William McCann of accountants Craig Gardner, has had a team working since April trying to put a figure on ICI's liabilities.

The official view is still that losses should not exceed I£120m but that apparently is a figure relating to underwriting losses. What is worrying bankers and others are continuing rumours about the enforceability of contracts between ICI and other reinsurers. Any major problems in that area could send the losses soaring and call the whole rescue operation into question.

There was sharp public reaction to any suggestion that the taxpayer should foot the bill for a serious commercial error by the country's largest bank, *but the vague statements by* Ministers that the central bank would provide funds for the rescue has not reassured the industry. AIB is adamant that the *deal* excludes it from any liabilities other than those already known.

The bank lost I£90m, about a fifth of shareholders' funds, in the affairs but its rivals will be as reluctant as the taxpayer to foot any of the bill.

Beyond these considerations is the damage done to the standing of the banks in general and to their plans for diversification and expansion.

AIB, despite the blow to its morale and self-esteem, has presented a brave face.

Mr Gerry Scanlan, group chief executive, had to deal with ICI within a year of his appointment but argues that the public, by *and large, are the AIB share*holders.

He also insists the bank could have liquidated ICI and that the rescue was a government deci*sion, taken presumably because* of ICI's dominant position in the Irish public liability market.

Bankers seem most concerned about any suggestion that the ICI affair could affect their plans for diversification and expansion outside the republic. Allied Irish points out that 40 per cent of its I£8bn assets and its I£84m profits are now generated outside the republic.

Both the Irish-owned banks, AIB and Bank of Ireland, have looked to the UK for profits in the last two years as the recession, spending cuts, high taxation and interest rates have taken their toll of the Irish economy.

It has taken much longer than the banks originally anticipated to turn the corner, especially where bad debts are concerned. These are continuing to run at a high level and are *spread across all sectors.*

The figures presented by the two big banks are markedly different, however. Bank of Ireland bad debt provisions *almost doubled to I£84m last* year, producing a sharp fall in profits to just I£67.4m. AIB, by contrast, provided only I£38m.

The banks argue that accounting *practices are the main* reason for the difference, with Bank of Ireland adding on rolled-up interest on bad and doubtful debts, while AIB does not.

Milestone

All the banks are moving towards a more competitive stance and the provisions of wider services. Some kind of milestone was passed this year when the cartel on interest rates was officially ended. In theory, the Irish banks can now set their own interest rates, but the move towards competition on rates will be cautious, with the central bank keeping a close eye in case of effects on its monetary or exchange rate targets.

The banks have moved one by one to offer free banking to current-account holders in credit, and the competition of their computerisation programmes will enable them to offer a new range of services to personal customers.

The competition, even bad blood between the banks and building societies is likely to increase rather than diminish, with services overlapping and the societies asking to be allowed to provide more banking-type facilities, such as cheque clearance.

The societies must look over their shoulders from next year, when it will be possible under EEC rules, for foreign societies to set up in the republic. *Already some of the big UK* societies have been assessing the Irish market's potential.

Another possibly significant event for the future is the *planned transfer of control of* the trustee savings banks from the Department of Finance to the central bank, which may allow the TSBs, in the long run, to develop *as their UK counter*parts have done.

The main impact of the recession has been felt among the merchant banks, and especially among foreign banks which established in Dublin in the 1970s when the boom in foreign investment was at its height. The level of foreign investment *is showing* some recovery this year but those banks which did not establish a significant share of the Irish market are finding the going tough and some have recorded losses in the last year or two.

The merchant bank subsidiaries of the Irish banks have fared better, despite continuing slack demand for loans from corporate customers. Operations in the UK helped Allied Irish Investment Bank and Investment Bank or Ireland increase profits last year.

Ulster Investment Bank reported the most difficult trading year it had experienced but its *parent, a NatWest subsidiary,* benefited from easier conditions in Northern Ireland, where it does about 50 per cent of its business, and increased profits by almost *eight per cent, to* more than I£31m.

The one thing most Irish bankers would like to see is a fall in interest rates, now six to *seven points above the rate of* inflation.

Model enterprises for the 1980s

Industry

BY A CORRESPONDENT

FIVE YEARS ago Maurice Spillane, a 30-year-old accountant with the German electronics firm, Braun, decided he had had enough of working for someone else and set about exporing the market at home in Ireland.

His background in computers helped him identify an opportunity that has given the company he went on to found a turnover of IR£7m for the current year, and a staff of 160 graduate employees.

The story of RTS set up in 1980 to provide software packages *for manufacturing* industry, is one of virtually expotential growth; turnover for 1984 was IR£2.5 and seems set to soar from this year's £7m figure.

"We set about providing a software package that could cross currency frontiers and language barriers," Spillane explains. Now RTS, which *works exclusively with IBM* computers, has wholly-owned subsidiaries in eight countries and boasts 20 overseas offices servicing its customers.

Ninety-five per cent of RTS' business is abroad, which explains why the company has no profile in Ireland. Their customers include Cheesborough Ponds, Colgate international, Marconi, and Beechams. In addition, they hold agencies for IBM in all the countries in which they operate, in West Germany they have the agency for IBM's pharmaceutical programmes.

Nevertheless, Spillane re*calls that his* first proposal was turned down by the Republic's Industrial Development Agency (IDA) for lack of research. Once accepted the following year, however, the support of the Agency was total, he says, and invaluable in developing RTS to its present level.

In common with many Irish exporters of software, he feels that the support from the mainstream financial institutions leaves something to be desired.

"If the IDA can make grants available, and even foreign banks can be amenable to software investment then it's time for our own institutions to look again at their 19th century attitudes," *he says.*

Well-educated

Maurice Spillane maintains that Ireland could be the *Japan of the "80s" in software* because of her young, relatively well-educated workforce. He accepts that the country lacks a developed middle management stratum and exposure to international markets, but feels that the crucial factor restraining Irish software companies is the lending policies by banks who insist on personal guarantees. "*That means that small* companies stay small," he says.

The RTS experience underlines the value for an emergent company of an association with an established *larger associate.* "Once you're supplying something that your associate can't provide on its own, your company is in a much stronger position than if you are selling direct to a major customer," Spillane says.

On a smaller scale in the technology sector, a Dublin company *with a payroll of just 40 is* being held up by the Industrial Development Authority as *the model for the 1980s.* Datac Controls was established five years ago by a young Dublin engineer, Cyril Kerr, who returned after a spell with Sie*mens in Germany* with ambitions to run his own business.

"Our first decision was whether we should operate on an agency basis earning com*mission or as a software house* buying in hardware and writing our own programmes," he says. The area he had already chosen was telemetering equipment, with one eye on the 160-mile gas pipeline then being planned to link the Kinsale gasfields off the Republic's south coast with Dublin.

In the event Datac chose to go direct into manufacturing well-proven telemetry systems rather than invest in a lengthy R and D operation. Since taking that decision the company has *not looked back, and has achie*ved sales of up to I£3m.

Their most notable success so far has been winning the contract for the control of the Hong Kong water supply. "We just visited the Crown Agents in Whitehall and said we wanted to talk with someone who dealt with electronic equipment," according to Cyril Kerr. One *month and one visit to the* colony later and Datac had secured the contract.

Now, much of their overseas business is based in the Far East, with the company bidding currently for contracts in Malaysia and Singapore.

The company has already turned its attentions to China and, looking across the Atlantic is anxious to attract a U.S. partner to aid the penetration *of* a fragmented market for their product in the U.S. With no clear market leader for telemetry in the States," says Kerr, "a small firm like our own is at a distinct advantage in terms of flexibility and an ability to respond to customers' requirements."

Access

The success of companies such as RTS and Datac reflects the growing emphasis on seek*ing out customers.* Datac's Cyril Kerr says that gaining market share was far more important for him in the early days than earning profits, despite the usual cash problems with a new enterprise.

Piggybacking on to large overseas contracts, using multinationals as front men, also helped to provide access to distant markets and boosted marketing strengths for both these young companies.

Away from the technological sector, Irish food manufacturers are also being urged *to* look to the market provided by large multiple outlets, typically chains like Sainsbury's and Asda. Despite the successes of Bailey's Irish Cream liqueur, Kerrygold butter and Yoplait yogurt abroad, the emphasis for the Irish Export Board (CTT) is now on companies that produce for the "own-label" market.

"There simply are not enough products made in this country which can be *promoted within* the framework of our national image," according to John Healy, CTT's Assistant chief executive.

CTT *have recently revised* dramatically their estimates of the value of the own-label market in the UK. Latest figures now suggest that by 1989 60 per cent of grocery sales *could be* own label. As with the electronics sector, the problem for suppliers is quality.

Irish food exports to the UK are static at the moment—the market share for Irish products stands at 1.8 per cent—virtually unchanged in four years—worth just over £500m in 1983.

CTT now believes that the way forward *for* the Republic is for food and drink companies to aim for a share of the own label market rather than to try to develop and market their own *products.*

Up to a dozen companies are currently supplying the market in this way, ranging from pet foods to foil-wrapped snacks. CTT stress to companies the need to undertake exhaustive—and sometimes expensive—market research to identify weak own-label lines in multiples before committing resources to production.

Irish companies in the second half of the 1980s are already measuring success in terms of secure markets rather than high profits. Flexibility and ingenuity —qualities that a young population possesses in abundance—are going to be key tools in the struggle to hang on to them.

How to move 10,000 pints of prawns from Dublin Bay to Billingsgate without getting into hot water.

Modern system arrives—at a price

Telecommunications

BRENDAN KEENAN

THE RESIGNATION of Mr Tom Byrnes as chief executive of the recently-established telecommunications company, Telecom Eireann, deprived the public of one of the most entertaining rows in years. The open attacks by U.S.-born Mr Byrnes on the Department of Finance caused considerable comment in a country where stabbing is usually done quietly, and in the back.

It seemed inevitable that Mr Byrnes would eventually call it a day but the problems which concerned him will not go away so easily. The Government will have its way on the financing of the telecommunications service, but it is to be hoped they do not repeat the mistakes of their predecessors in the 1950s and 1960s.

Years of under-investment in the telephone service when it was part of the Post Office left Ireland with a system which was a byword for inefficiency, and seriously threatened the industrial development programme.

Ireland's hopes of building an electronics industry seemed unrealistic when it could take two years to get an ordinary handset.

The government launched a five-year, £1bn development programme to catapult the system into the latest technology.

Now the programme is almost complete, giving Ireland the highest proportion of digital exchanges and trunk lines of any country in Europe.

The improvements have been marked, although less so in Dublin where there are particular problems. Direct-dialling internationally is now available in most parts of the country and industrial customers are assured of quick installation of telephone and telex equipment.

The extensive digital network enabled TE to offer a packet switched data network, known as Eirpac, to business users. The opening of the country's first earth station, near Cork, will improve transatlantic communications via Intelsat.

Dublin is to get a mobile cellular phone system, supplied by LM Ericsson, partly to make up for the continuing shortage of trunk lines in the city.

Industrial development officials say complaints about communications from businesses in remoter parts of the country have all but disappeared. *Instead, the Industrial Development Authority* now uses the statistics about the telecommunications investment as a selling-point to foreign industrialists.

Everyone is not yet convinced by TE's slogan of "Action Right down the Line." The problems of Dublin do not help, with long waiting times in many areas and an unacceptably high level of faults and missed connections. Beyond that is the question of TE's efficiency, and its ability to meet its targets.

The new company inherited a staff of 19,000 from the former Department of Posts and Telegraphs (P & T). Mr Byrnes admitted, before his departure, that up to 5,000 of these would be surplus to requirements by 1990. The company is not allowed to enforce redundancies and it will not be easy to get agreement to reduce staff by anything like these numbers.

There is also the problem of how the new service should develop. TE itself, and bodies like the Confederation of Irish Industry, have urged the development of a modern network for the transmission of voice, data and images. To some extent, such a system is the only logical result of the decision to invest so heavily in digital equipment.

Such a system, its proponents argue, would counteract Ireland's geographical isolation and attract modern information technology industries, as well as helping local ones develop. It would mean further heavy investment, however, and perhaps the new industries would not come, or fail to develop.

Yet without such investment, it may be difficult for the telecommunications service to become profitable. Ireland's telephone density is only half the European average but the installation of domestic equipment is not profitable in such a thinly-populated country. More business *users and more international* traffic will be needed to make the system pay.

It is against this background that the row developed over how that investment is to be financed. The government plans to take I£180m from TE over the next three years. It argues that this is a fair return on the more than I£400m which it put into the company, plus the assets which TE acquired from P & T when it was established as a separate company.

Mr Byrnes argued that TE is losing money—an estimated I£60m this year and the payments are just a hidden form of taxation. He was supported by his chairman, Mr Michael Smurfit, arguably Ireland's most successful businessman. Mr Smurfit's willingnes to serve as chairman of the telecom board was something of a coup for the government but the disagreement has spoiled that promising alliance.

The Government argues that TE's estimates of its losses are suspect. On the question of taxation, ministers says, with some justification, that someone has to service the Government's debt and better the telephone customer than the general taxpayer.

The net effect will be to keep *Irish telecommunications* charges among the highest in Europe.

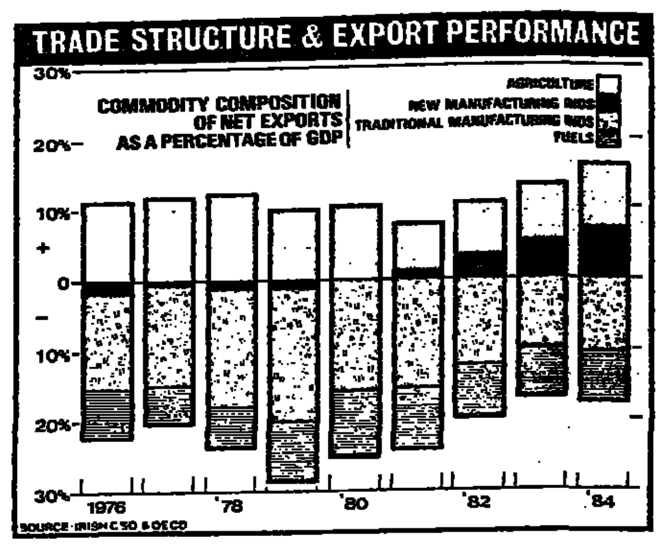
There is also the danger that the row could strangle TE's independence at birth. It was, after all, a central Government system which gave Ireland one of the worst phone services in the developed world. Some better method of planning TE's finances needs to be found.

The Government, meanwhile, is still trying to assess the prospects for an Irish direct broadcasting satellite (DBS), which would also have telecom facilities. Four consortia have bid for the right to launch an Irish satellite, whose signals could be received over a large area of Britain. Neither bidders nor Government are quite convinced as yet of the economics of such a project.

Telephones per 100 population

	1978	1982
Sweden	72	86
U.S.	74	76
France	33	54
UK	42	52
Germany	37	51
Italy	29	38
Ireland	16	22

Source: Confederation of Irish Industry.



Cautious hopes for gas find

Energy

MARGARET VAN HATTEM

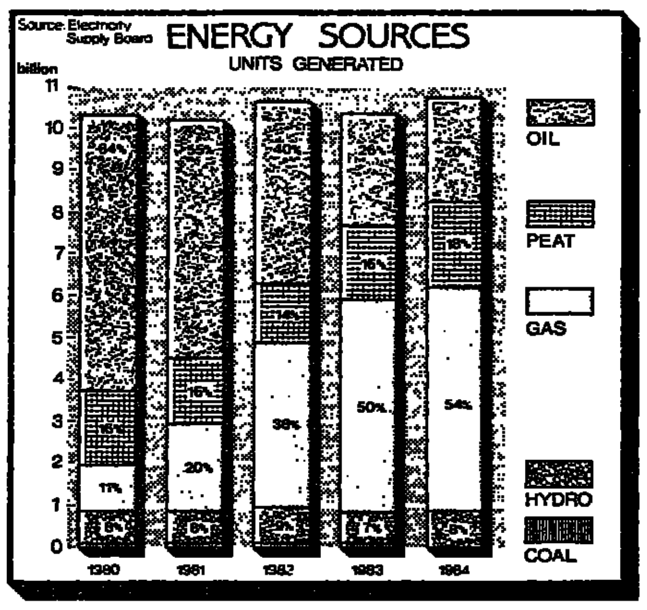
HOPE IS triumphing bravely over experience in Ireland's offshore energy fields, with the latest hopes pinned on BP's recent gas "find" in the Celtic Sea.

Irish punters, badly burned in speculation over Gulf Oil's Celtic Sea well last year, are prudently awaiting the test results this time. However the government is not damping down the rumour that BP well 48/18, just 12 miles from Ireland's only producing gas field at Kinsale Head, may have opened up a field to equal Kinsale.

While relatively minor in international terms, such a find would transform the country's energy plans for the rest of the century. Kinsale, which currently supplies half Ireland's electricity needs, is expected to run out in about 10 years' time. Present plans are for a major switch to coal-fired electricity plant which is expected, by 1990, to supply half the electricity requirement while gas would supply only 25 per cent.

Should the "most encouraging results," which is all that BP is yet admitting to, prove well-founded, these plans could be altered. There is also some hope of reactivating the abortive negotiations to pipe Kinsale gas to Belfast, though little indication so far that either the British or Irish Government is prepared to give ground on the question of pricing, on which the negotiations stalled.

However, Mr Dick Spring, Ireland's deputy Prime Minister, who also holds the energy portfolio, is not particularly elated at the prospect of a substantial gas find. "What we really need is to find some oil," he says.



The Government is anxious to re-kindle fading international interest in Ireland's offshore areas, where 15 years of drilling has so far failed to discover one commercial oilfield.

Thirteen consortia applied for exploration licences in the third licensing round, which closed earlier this month. However it is not yet known how many blocks they applied for, nor the extent of the drilling commitments offered.

The belief in the industry is still that many of the applications were for the same blocks and that some major oil company names are missing from the applications list.

The fact that the British licensing round was brought forward to coincide with the Irish one did not help. But, as Mr Spring discovered on two mildly disastrous visits to Texas just before Christmas, the oil majors were not in the least interested in the loosely-phrased Irish terms and would not stir themselves unless the terms were clarified and the Government spelled out what reliefs they could expect.

The new terms, introduced in April this year, may have done thet trick. For, while the concessions offered apply only to marginal fields, the Government's accompanying statement made clear that it had taken into account the industry's concern with profitability.

For the first time, the government defined what it considered to be a marginal field, the reference point being a profitability ratio. Where total revenues (minus operating costs and royalties) divided by capital expenditure come to less than 1.84, the field will be deemed to be marginal and will qualify for relief on, for example, royalty payments. Moreover, if the field is under 75m recoverable barrels, the first 25m will be exempt from royalty payments altogether.

The government is retaining its right to up to 50 per cent participation in all cases, and is maintaining a 25 per cent ceiling on the real rate of return to oil companies. But as Conor McEnroy of Basin Analysts (a Dublin-based petroleum consultancy) points out, most operators would consider they were doing well to get anywhere near that point.

"The oil companies are delighted with the terms," he insists. "The department has shown that it has cottoned on, that it can do business."

Whether the high level of inquiry reported after the terms were announced reflected serious interest will be clearer once the government gets down to examining the applications in detail.

Mr Spring has made clear that the government is less interested in pricing than in securing commitment to drilling as many wells as possible. It will be satisfied with the outcome if the third round leads to the involvement of five or six of the oil majors, with commitment to drilling eight to ten wells a year.

While immediate interest is focused on the Celtic Sea, long-term hopes are fixed on the Porcupine Basin off the west coast, which has been marked down as "21st century oil." Drillings there have indicated interesting quantities of oil but there are considerable problems of depth—1,200 feet of water—and location—120 miles offshore in an area susceptible to heavy swells in even the best weather.

BP, hotly pursued by Britoil, has shown strong interest but it is generally recognised that commercial development awaits much-improved technology and a marked upswing in world oil prices.

Differing views on coping with weaknesses

Agriculture

BRENDAN KEENAN

IRELAND HAS always been a predominantly agricultural country but, for a variety of historical and social reasons, has never developed a strong agricultural industry. The surge in incomes which the EEC's Common Agricultural Policy (CAP) brought in the 1970s, tended to hide the fact that the structural weaknesses had not been overcome.

Now that the high tide of CAP spending is receding, the weaknesses are becoming all too apparent. Employment in food processing has fallen by 15 per cent since 1980 to just over 40,000. The industry will have to develop new products and markets if jobs are not to fall and imports rise further in the future.

The Irish industry has been characterised by commodity production of butter, cheese and beef and a relative absence of value-added, processed products. The export of live cattle, mainly to the Middle East, remains a multi-million pound business, aided by EEC subsidies of almost 50 per cent. The income is welcome but it also represents a waste of resources and helps perpetuate inefficient farming methods.

The weakness is all the more frustrating because food-processing has the characteristic identified as desirable in the new industrial development strategies. It is based on natural resources, its links with the local Irish companies making up 85 per cent of the total involved, are high and it is a substantial employer.

There is no shortage of advice as to what should be done, or what is wrong. The Irish Productivity Centre (IPC) calculates that productivity in the industry is 81 per cent of that in the UK and 69 per cent of the Belgian and Danish industries. The seasonal nature of Irish farming means that the Irish have to invest twice as much in processing capacity as the Dutch in order to produce the same level of output.

The IPC argues that the 1970s, with their buoyant farm incomes, would have been the best time to make the switch towards higher value-added products but that the changes are still imperative because of CAP restrictions and changing consumer demands.

The Industrial Development Authority (IDA) has set targets for the development of the industry, in line with the new policy of concentrating on indigenous companies. They envisage the proportion of processed beef more than tripling to 15 per cent of total production by 1990. The present 80 per cent of dairy products exported as commodity sales would fall to 65 per cent.

Despite the many reports and analyses of the industry, opinions still differ as to how these desirable targets are to be met. IDA has been alaysing food imports and identifying food products with potential for production in Ireland, in an effort to boost both exports and import-substitution. It is keen on joint ventures with foreign companies to process Irish produce for sale in specialised markets such as West Germany.

It can point to successful examples, such as Ballyfree Farms, a Wicklow company now concentrating on selling processed foods in the Northern Ireland market, or Lett & Co, of Wexford, which processes shellfish and other seafood, and exports more than 90 per cent of its output.

The Irish dairy board, Bord Bainne, has adopted the strategy of buying into existing distribution companies as a way of finding outlets for its products. Its ownership of Adams Foods in the UK provides an outlet for the new dairy-based products it is launching and it recently acquired a 30 per cent stake in a group of Belgian companies which supply the retail market there.

The Irish meat and livestock organisation, CBF, recently ran a campaign in the English Midlands on the virtues of Irish beef, most of which is sold as a commodity in the Smithfield market. The campaign was an attempt to persuade supermarkets to display Irish beef as such, in the way that Scotch beef or Welsh lamb is marketed.

These varying approaches show the lack of an overall strategy as to how the industry should develop. The industry has invested heavily in capital equipment in the past ten years, but is much less willing to spend on research and development of new products, despite the absence of generous grants. Less than 1 per cent of turnover is spent on R & D.

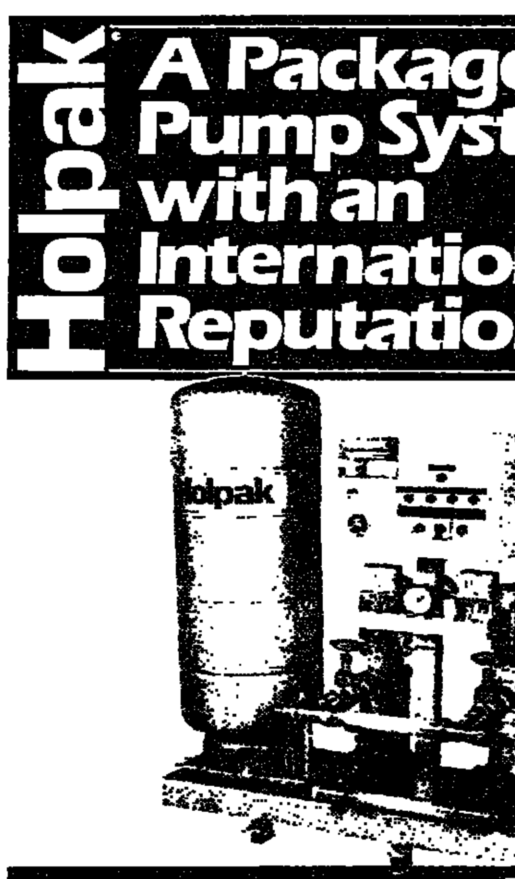
Irish agri-business is still production-oriented and weak on marketing and development, but is position is such that new strategies will have to be carefully planned if good money is not to follow bad.

Dr Charles Carroll of the Irish Management Institute suggested last year that much of the thinking about new product development and marketing might be mistaken. He used the PIMS (Profit Impact of Market Strategy) data base, which has been built up over many years in the U.S., to analyse successful strategies for those in a similar position to Irish companies—poor market share, poor customer perceptions and low capital and labour productivity.

He found that successful companies concentrated on improving quality and on dealing with industrial customers rather than consumer markets. They produced raw materials and semi-finished products and did little product development. They did, however, expand marketing and R & D budgets geared to their industrial customers.

Dr Carroll argues that it is a mistake to be mesmerised by the "leaders," such as the Danes or Dutch, and that the Irish should concentrate on the strategies of a successful "followers," as least until the industry is stronger.

So far his arguments appear to have had little impact on policy but the uneasy feeling remains that, although everyone recognises the goal, not enough work has been done on how to get there.



Old Ireland faces consumer society

Social change

BRENDAN KEENAN

IT MIGHT surprise a casual visitor to Irish shores to come across earnest comment in the newspapers or on television on whether Irish society is breaking down. The visitor might be less surprised should he fall victim to the car thieves or bag-snatchers who prey on tourists, but that is hardly a social collapse.

The visitor might be nearer the truth than the Irish themselves, who have become a little fearful about the undoubted symptoms of social stress which the Republic exhibits. Ireland's small population, about 3.4m, and its large population of newspapers, can react together over incidents on a small scale so that things get out of perspective.

There was, for example, much analysis of what had gone wrong with the country during a spate of attacks on elderly people in isolated areas this year. It turns out, as far as can be judged, that a gang of no more than half-a-dozen were carrying out most of the attacks in different parts of the west and south-west.

Ireland is a very different country from that of the 1950s when little had changed since the previous century. It is not that the Republic is much different from Britain or other EEC countries in its rates of marital breakdown, drugtaking or crime but it has caught up very fast and this has produced stress.

However, the first attempt to do some serious research on the crime figures, by two members of the Economic and Social Research Institute, found a remarkable contrast between town and country. Seventy-three per cent of all burglaries occurred in Dublin, and crime rates in rural areas were "barely perceptible."

Ordinary people had begun to realise this before the researchers produced the figures. Once it was the ambition of every rural youngster to find a job and a flat in Dublin. Now the coach operators do a roaring trade every weekend ferrying the civil servants and office staff back to their family homes and away from the city.

Dublin is still a pleasant place to live and work by the standards of many other cities, but that is despite, rather than because of, the authorities. With the exception of industrial development policy, where a successful effort was made to spread investment around the country, little has been done to halt the city's explosive growth.

The Republic's population has increased by a third in 25 years, throwing enormous strain on housing, roads, transport, water supplies and telecommunications. Now, one third of the population lives within 15 miles of Dublin's O'Connell Street, which is hardly a sensible way to allocate resources.

A recent consultancy report showed that the greater Dublin population will continue to grow rapidly until the next century. The city's demographic pattern is such that little can be done to change this but there is still a need for longer-term policies.

The rest of Ireland is also undergoing profound changes, especially in attitudes, but change is slower. The bitter debates over such issues as abortion and contraception, which might also puzzle the foreigner, reflect their role as symbols of the old Ireland, under attack from the values of the consumer society.

By European standards, Ireland is still a deeply religious country—more than 90 per cent of the population declare themselves to be practising Roman Catholics. Churchmen are all too aware, however, that among the young in general and working-class males in particular, fewer than half now attend church regularly.

Many believe that the Church and its strong lay supporters want to see the issues of abortion and divorce tackled now because they believe their position can only weaken in the future.

The decline in religious observance may have other implications. Ireland's history means that people tended to look to Church and clergy for leadership and authority, rather than to the organs of the state—the police, judiciary and the rest. Sixty years of independence has not quite killed those habits of mind but the erosion of church authority could leave a dangerous vacuum.

It is always tempting to believe that a country like Ireland, to which the post-war changes in the rest of Europe came 15 years later, can do things differently, but this is probably a mistake. The chances are that, in the end, Ireland will turn out much like her neighbours.

THE ARTS

Galleries/William Packer

A masterpiece of baroque

An extraordinary and splendid work of the Italian baroque, "Perseus turning Phineas and His Followers to Stone," by the Neapolitan painter, Luca Giordano, is the Acquisition now "In Focus" at the National Gallery (until August 26).

It is the main attraction in the latest of the admirable series of small exhibitions by which recent additions to the collection are celebrated in succinct and accessible scholarship and simple, uncluttered presentation. As in the past, the National Westminster Bank has sponsored the useful accompanying booklet; written in this case by Michael Helston, the curator whose particular responsibility is for the Italian painting of the period.

In fact, the show is not all that *small physically*; *for* although only four further works have been borrowed for the occasion, (including *two* compositional variations on the subject, and a self-portrait), the major work and its historical pair, the somewhat gruesome "Death of Jezebel," with which it hung in the Palazzo Balbi in Genoa throughout the 18th century, both measure some 8ft by 12ft (why must we be given the exact dimensions in centimetres?). The new Sunley Gallery has been opened right out for the first time to accommodate them.

So striking is this disposition, and in consequence so convincing as a great work of art is the Perseus in its physical presence, that, like any major discovery or advance, its absence is already unthinkable. (We even begin to forgive ourselves for forgetting just how out of fashion the baroque so lately was.)

The acquisition is important—indeed, remarkable—as much for the shift in taste it registers as for what the painting is in itself.

Giordano was undoubtedly as uneven as he was prolific — there is no artist who ever lived who never at times produced unsuccessful work—but he was prized extremely highly from the first: the Balbi inventories themselves set him at a higher value than Rubens, and he was collected widely in this country in the 18th century.

But all that was perhaps a shade too soon: our national collection, begun late, certainly sought and acquired good examples of the Italian 17th century in its first years; but never Giordano, and the moment passed. It is astonishing that it was not until 1962, with a small study for a larger work, that he was admitted to the collection at all; now, with this second piece — a palpable masterpiece indeed — he becomes something of a star.

The Jezebel and Peseus paintings certainly are strong stuff—a hated queen being chewed to death by dogs, the hero Perseus brandishing the Gorgon's head.

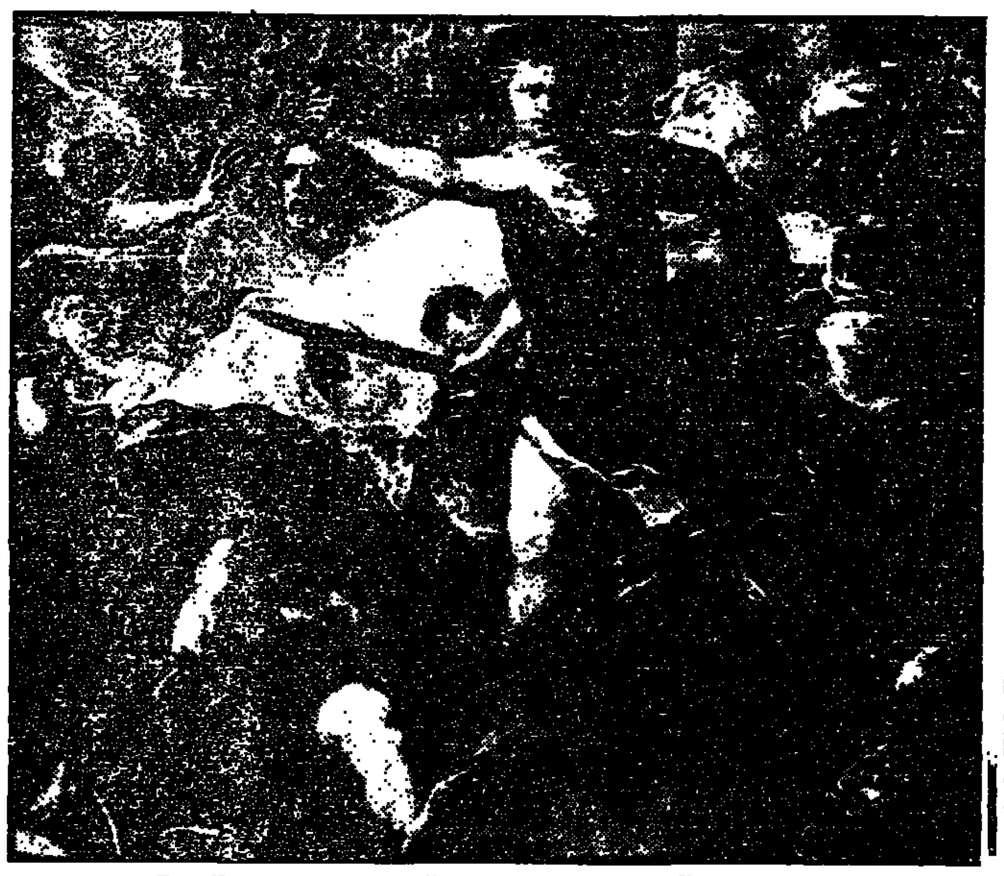
Both works are of an extreme theatricality; but where the Jezebel is a tableau set in a dark and shallow pictorial space, Perseus commands the bright centre of a deeper and more fully realised stage. In its articulation, this looks back a full 100 years from the 1680s to Veronese and Tintoretto, and to Venice where the seeds of the baroque were sown. And we are faced not by the dour morality, awesome and overbearing as it is, of the other canvas, but an event and vigorous action realised in the most direct and vigorous way.

What was it in the baroque that put it so suddenly beyond the pale of general approbation? Questionable piety perhaps or emphatic carnality, or an often gleeful morbidity; or perhaps it was the sheer extravagance of spirit that a more respectable and sober age found too much to take. It is the extravagance that speaks to us now, though more in its practical expression—in energy of execution, scope and ambition of desgn, and sensation of colour and surface—than in its subject.

These are aspects of painting with which expressionism—and abstract expressionism, in particular—are much engaged, and the present concern with figuration serves only to make their relevance the more obvious. The Baroque is less an hermetic art-historical convention than a state of mind; and if it might cast us back in its references and associations into earlier periods, it might bring us forward just as well. Given the nature of so much current painting — and indeed, the course of modern painting since expressionism—*it really is* no surprise that public taste and critical judgment should at last catch up, and the Baroque come again into its own.

A true interest in painting is an interest in all painting: the questions it raises, the examples it offers, the thoughts and feelings it stimulates all cut through the niceties of period and school, style and practice, and particular imagery. There are useful distinctions to be drawn in all these things, of course, but it is a great mistake to see modern work as something necessarily and absolutely distinct from that of the past. What we see now, we see with modern eyes and interest. We might look back to Veronese with as much immediate purpose as did Giordano, or to Velasquez, or Rembrandt, or Manet, or Matisse; and it is in this sense, *mutatis mutandis*, that all art is modern art—or it is not art at all.

The traffic runs both ways, of course. Allen Jones, for example, is showing his recent paintings at the Waddington



Detail from "Perseus" at the National Gallery, London

Galleries in Cork Street (until July 20); and it is not pushing the point too far to say that the transition from Giordano—which I made directly by the short walk from the one to the other—was not only easy enough but apposite.

For Jones, too, is in several ways a theatrical painter, one who has always been prepared to work on a public scale and is unafraid of the decorative function that attends it. Often, he has dealt quite literally with images of audience and performance. Now, with these large new works, he has essayed a deeper, yet oddly more encompassing, pictorial space, and a more ambitious and complex pictorial organisation.

The imagery itself is superficially much the same and the handling, too; leggy, arrogant, frankly erotic (yet emotionally remote) women beset by frantic, voyeuristic men in the context of that more private theatre of charade and fancy dress and ambiguous sexual game, and all realised with the familiar Jonesean assurance and panache.

But the handling, in fact, is much looser now and more exploratory, and the surface more open; and it does seem that Jones is moving into a period of true experiment in his work. Where it will lead we must wait and see; but now, once we look beyond the welter of legs and breasts and the cool, transfixing female gaze (just as, in the Giordano we must get past the more active flurry of limbs and the Gorgon's head itself), it is the lively complexity of the composition and the painterly ambition it implies that together are most promising and most exciting. There is nothing especially new about figure painting on the grand scale, and nothing old.

A final separate word about "Artist Of The Day," the programme of 10 shows by young artists that occupies the Angela Flowers Gallery in Tottenham Mews, W1, until the end of next week. It began yesterday with Frances Coleman, has Andrew Golding today, and so goes on with each show different and well worth the daily visit.

Skempton, Newman/Almeida

Max Loppert

The Sunday early-evening event in the penultimate week-end of the ever-inventive Almeida Festival showed, among other pleasant things, that the spirit of Erik Satie is alive and well and faintly flitting across the musical fringes of London.

A recital putting on display two English composer-performers, Howard Skempton and Chris Newman, though full of various and curious amusements, had an underlying consistency. For all the pieces held true, in their different ways, to some basic Satie-esque tenets: the careful cultivation of the exigious; the rigorous exclusion of anything smelling of "technique" (even while technical subtleties are slid in under the carpet); the comic command of ironic inversion; and the search (not necessarily admitted) for an ideal of aesthetic purity.

Of Skempton's music Michael Finissy first offered a selection on the piano and then the composer followed suit on the accordion. The little piano pieces work a tiny, purposeful limited field of delicate chordal repetitions, bittersweet tunes wafting a faint popular fragrance, and quiet diatonic progressions. Nothing outstays its welcome; the melodic line is held. Skempton is a charmer on the accordion, and his suites for the instrument show an even more surely judged sense of means and ends (a slow movement using the instrument as a sort of drone bass constituted the nearest thing to a feat of virtuosity).

Chris Newman, of whose strange, distinctive talents MusicICA first gave an indication a season or so ago, is a much harder figure to characterise. An opening cycle of movements for voice (Josephine Nendick) and piano, interspersed with piano solos, played around with the obvious clichés of Romantic music, not altogether skilfully. Probably Newman's own voice is needed to make his own "case" most eloquently; for later, the performance of *Sad Secrets* that he and Finnissy produced left a much sharper, if also more peculiar, impression.

Newman, of the thick glasses, sloped shoulders, depressive countenance, and a voice that moves with mad compulsion from gutteral baritone to fruity countertenor, explores an extraordinary range of enunciatory mannerisms—the average Chinese-opera soprano has nothing like his mastery of anguished tremolo. He is a comic of the obvious, the absurd, and the melancholy. How he gets away with what he does is a delightful mystery; but the mixture works, and Art is one of its ingredients.

Pina Bausch in Venice

Freda Pitt

By a curious misprint, Pina Bausch was announced in the programme at the Teatro La Fenice in Venice for her 1980 work *Bandoneon* as "choreographer or director" (instead of "and"). This pinpoints a central problem in Bausch's work rather neatly; one that had already been discussed when *1980* was performed in Rome and London. The Venice season was organised jointly with the theatre section of the Biennale, and Franco Quadri, its director, is known to prefer theatre critics to their dance-minded colleagues. One sees his point, but the Fenice mangement pursues a different course.

Bausch's company is called *Tanz*theater Wuppertal, which tends to rouse mistaken expectations: indeed, if the Trades Descriptions Act applied in the theatrical field, Bausch might find herself in quite serious embarrassment. If the performances had taken place at the Teatro Malibran, where the company appeared on its last visit to Venice (1981), the surroundings would have clashed less with the bleakness of the content than at the plushily elegant Fenice, whose opera subscribers tended to be as disgruntled as the cultural floaters were ecstatic.

So far as *Bandoneon* is concerned, this was apparently concocted on Bausch's return from a journey to South America. This accounts for the (taped) tango accompaniment, but evidently Bausch resisted the current vogue for research into the origins of the tango, for, apart from couples moving spasmodically on their haunches, the music served for the most part *only* as a background noise, and there was a great deal more speech than movement, without the charm that made the length of *1980* tolerable. As a misguided homage to the audience, nearly all the text was translated into Italian, which led to imprecise and frequently unclear pronunciation.

More importantly (since most of the words have little apparent significance) the artists' personalities were thus seriously diminished.

In works such as *Bandoneon*, it is difficult to avoid the impression of a collective therapy session, the company airing their frustrations and hatreds (bitter lemon is the only flavour offered by Bausch). Another distinction between Bausch and most modern dance choreographers of the present day is her utter contempt for classical ballet. Dominique Mercy at one point donned a ballet-skirt and practised a few *pliés*; he is such a likeable artist that the sourness of the parody was attenuated. Other members of the company ranted about the cruel harshness of ballet teachers. In another parody, Bausch also took a rather puritanical line over the weakness for applause on the part of performing artists, and the insincerity of that applause.

For the rest, certain themes are constant in her work, in which she frequently seems to evince hatred towards the whole human race. If in her earlier works, such as *Blaubart*, the brutal behaviour of men towards women constituted a central target, in *Bandoneon* the women often looked even more sadistic and behaved more violently. As in *Café Müller*, given earlier in the Venice season and already known in Italy, men and women filed in and out for no obvious reason; again they did not seem acquainted with one another, the solitariness of the human condition remaining a Bausch obsession.

Despite the fact that there is so little dancing in the more recent works, the technical standards of the company are high, as was demonstrated in the programme made up of *Café Müller* (the only work in which Bausch—gaunt, skeletal and oddly vulnerable—continues to appear) and her 1975 version of *Le Sacre du printemps*, which is all danced and very powerfully so.

So far as I am aware, no other company, whether dance, opera or theatre, had ever before been invited to give such a long and comprehensive season in *Italy*: seven programmes—eight works—over a period of a month. I hope this marks the *beginning of a new trend*, so that other companies will now be enabled to show more than the one or two programmes that are generally permitted.

Sher stars in premiere

The premiere of a new play by Peter Barnes opens at the Barbican Theatre tonight; it will be his first to be seen in London for seven years.

Red Noses, set in 14th century France, will have Antony Sher, currently Richard III at the Barbican, in the leading role.

Terry Hands will direct, with designs by Farrah and music by Stephen Deutsch.

At the Pit, an epic trilogy by Edward Bond, *The Warplays*, opens at the end of July with all three parts together lasting seven hours. Bond will direct, together with Nick Hamm. Designs are by Stewart Laing, lighting Michael Calf.

Also at the Pit, a new production by John Barton of Strindberg's *Dreamplay* will open tomorrow.

New opera for Arundel

The world premiere of Iain Hamilton's opera *Lancelot* will take place at the 1985 Arundel Festival on August 24.

The work was commissioned by the Festival, and the story of Lancelot and Guinevere will unfold against the backdrop of Arundel Castle Tilting Yard. Chris Nance will conduct a cast of professional singers and the Orchestra of St John's Smith Square. The opera will be produced by Aidan Lang and designed by Peter Farmer.

Further performances will take place on August 25 and 26.

Schubert by Mahler/Barbican

David Murray

With familiar Handel and Mozart on Sunday evening Jeffrey Tate and the English Chamber Orchestra also provided a novelty, Schubert's "Death and the Maiden" Quartet arranged by Mahler. It is a recent rediscovery, but less exciting than it sounds — not remotely comparable, for example, to Schoenberg's "Brahms Fifth," his full-scale orchestration of Brahms' Piano Quartet, let alone Stravinsky's re-workings of Bach and Gesualdo. Nor was Mahler aiming to improve upon the original instrumental dress of the piece, as he did when touching up Schumann and Weber.

In fact this "Death and the Maiden" is a careful, plain transcription of Schubert's quartet for string orchestra. Mahler made it in 1894, the year when his Second Symphony was completed. To Schubert he added nothing but the necessary double-bass parts, which for pages on end consist merely of rests, and otherwise reinforce the cellos; in a few places there is some discreet redistribution of voices. Mahler's rehearsal-score includes his own dynamic markings, but it is too late to discover whether they portended any radical reinterpretation. The claim in Another Newspaper that the score "reveals a sequence of stunning insights by one composer into the mind of another" is wildly over the top, except for the easily stunned.

In this performance some passages gained from the dark extra breadth; Tate made much of the added gravity at the end of the slow movement. But there is a besetting and (I think) incurable awkwardness, which is that Schubert's first-violin part—as often in his chamber music, never in his symphonies—regularly becomes a flying descant, quasi-improvisatory and patently soloistic. It loses that character when transferred to a whole violin-section, or even just two or three desks, and (as we heard) it is a trial for unison playing. It is interesting, but irrelevant to the case in point, that Mahler was to write even more florid parts for first violin in his own symphonies; in Schubert the effect is alien and unconvincing.

In general the special expressive bite of solo instruments was missed. Would any good quartet, for example, treat the repeated notes in the second subject of the Allegro so evenly and blandly? The exercise of trying to hear "Death and the Maiden" as a mini-symphony was instructive, but only negatively. A suite from Handel's "Water Music" was safer, with lively horns; Norbert Brainin and Peter Schidlof were pointedly earnest in Mozart's *Sinfonia Concertante*.

Arts Council post

Anthony Everitt, former Birmingham Post arts and features editor and at present director of East Midlands Arts, has been appointed deputy secretary-general of the Arts Council.

Dance in New York

David Vaughan

In the leaflets announcing the season's programmes for the New York City Ballet, new works are listed simply as "New Ballet 1 and New Ballet 2." This spring's "New Ballet 1" turned out to be the two short pieces by Peter Martins, already reviewed by Clement Crisp. "New Ballet 2" was sterner stuff: an ambitious work by Jerome Robbins called *In Memory Of . . . .* and set to Alban Berg's violin concerto.

The programme contained an excerpt from George Perle's study of the composer's operas, recounting the concerto's history. Berg had laid aside *Lulu* to compose it after learning of the death of Manon Gropius, the 18-year-old daughter of Alma Mahler, one of his closest friends. The ostensible programme of the concerto concerns the girl's life, illness, death, and transfiguration.

This is clearly relevant to Robbins' ballet in which the central figure, danced by Suzanne Farrell, is seen first with her companions, among them her lover (Joseph Duell or Alexandre Proia); then in a struggle with death, personified by Adam Lüders; and finally in some celestial realm where she is reunited with both men—a kind of contemporary "Death and the Maiden."

However, just as there is a hidden content in the concerto referring to the composer's forebodings of his own imminent death, so the ballet also would seem to have a sub-text, hinted-at in its title and confirmed in the casting of Farrell, Balanchine's muse, in the principal role. In the opening pas de deux, she performs sorrowing gestures, covering her eyes as her partner tilts her in a "fish" lift. It seems reasonable to assume that it is Balanchine who is being memorialised here.

At the same time, the style of the first two sections of the ballet is apt to remind us that Robbins began his ballet career in a very different company, the Ballet Theatre of the 1940s whose dominant choreographer was Antony Tudor. Both the group choreography and the stylised street clothes (designed by Dain Marcus) call to mind ballets like *Pillar of Fire*, with its chorus of Lovers-in-Innocence, or even *Dark Elegies*, with its sense of communal ritual. Only when the ballet passes from earth to heaven, as it were, do the dancers reappear in white tights and tunics to perform a simple classic vocabulary of pliés, battements tendus, and attitudes. Farrell herself returns with hair unbound, as in so many Balanchine ballets.

If all this suggests a collection of parts that fail to cohere into a whole, so be it. Robbins's analytical grasp of the difficult score is certainly impressive, and he shows his usual astuteness in his choice of collaborators and of dancers. David Mitchell's backcloth, in tones of burnished copper, is beautifully lit by Jennifer Tipton, that genius of the switchboard. The corps de ballet is led by some of the best young dancers in the company. And Farrell almost manages to pull the whole thing together by the sheer force of her imagination — she particularises where Robbins generalises. She is a very remarkable artist.

Saleroom/Antony Thorncroft

An expensive dessert

A Sèvres dessert service, which King Louis XVIII of France presented to the Vicomte de Chateaubriand in 1823 when he returned to France to become Foreign Minister after a stint as ambassador in London, sold for £51,840 at Christie's yesterday, well above estimate.

The service of 60 plates, four bowls and a tureen had disappeared from public view; but it was recognised earlier this year in a London dining room by the auction firm's ceramics expert, Hugo Morley-Fletcher. Chateaubriand is perhaps best known these days for the steak that was named after him, but this service is in pristine condition, suggesting he was a delicate eater.

The auction of Continental ceramics totalled £408,240, with 13 per cent unsold. Zietz, the London dealer, paid £45,360 for a blue and copper lustre deep-dish, made in Valencia in the mid 15th century, while a Tuscan two-handled armorial albarello of around 1470 fetched £32,400.

A set of five Furstenberg shaped rectangular plaques, painted by Eisentrager around 1765, did well at £21,600; and Winifred Williams, another London dealer, paid £15,120 for a pair of large Sèvres seaux à boteille of 1770. Another dealer, Cyril Humphries, acquired an Orvieto ewer of about 1470 for £12,960.

The Urbino basin of 1608, which Christie's had sold 101 years ago for 105 guineas, was unfortunately bought-in when the bidding reached £14,000.

Sotheby's sold paperweights successfully. The auction totalled £385,671, with just 5.26 per cent bought-in, but there were some surprises in the bidding. A rare Clichy pedestal weight doubled its estimate at £12,650, whereas what was regarded as one of the top lots, a very rare Baccarat "Drifting snow" weight, made half its high estimate when selling for £6,600.

A New England upright bouquet weight realised £11,000; Spink gave £8,250 for a rare Clichy faceted-bouquet weight (around three times the forecast); and an equally rare Baccarat flat bouquet weight was slightly above target at £7,700. In 1966, a similar weight sold for £780 and, a year later, another of the same type went for £700.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 28–July 4

Opera and Ballet

PARIS

Le Barbier de Seville, conducted by Hans Graf, Almaviva sung by Dano Raffanti/Noel Velsaco, Rosine by Suzanne Mentzer, Figaro by Patrick Raftery and Basilio by Ruggiero Raimondi. Opéra Comique (2960611)

Robert le Diable alternates with Soirée de Ballets and with Tosca. Conducted by James Conlon with Raina Kabaivanska in the title role and Giacomo Aragall in that of Cavaradossi. Paris Opéra (2665022).

VIENNA

Staatsoper (5324/2655): Turandot conducted by Slatkin with Dimitrova Freni and the Vienna Boys Choir; Cavalleria Rusticana and Der Bajazzo; Lohengrin.

Volksoper (5324/2657): Count of Luxembourg conducted by Artmuller; Vienna Blood; Der Wildschütz conducted by Richter.

WEST GERMANY

Stuttgart, Württembergisches Staatstheater: Der Freischütz convinces thanks to Manfred Jung as Max. Viva la Mamma is a well done repertoire performance. Messenet's rarely played Werther is sung in French. The cast includes Yasuko Kozeki and Neil Wilson. (20321).

Munich, Bayerisches Staatstheater: Hindemith's Cadillac is worth a visit with Mariade Francesca-Cavazza, Doris Soffel and Manfred Schunk in the leading parts. This week's highlight is Don Carlos starring Maria Chiara, Agnes Baltsa and Luis Lima. (21851).

Berlin, Deutsche Oper: Cosi fan tutte, produced by Götz Friedrich, brings together Angela Denning, Anne-Sofie von Otter and Keith Lewis. Simon Boccanegra, sung in Italian, has Ingvar Wixell in the title role for the first time. (34381)

Frankfurt, Opera: Premiering this month is Der Rosenkavalier, produced by Philippe Sireuil. In the main parts are Gail Gilmore, Helena Doese and Manfred Schenk. Tosca, conducted by Guiseppe Patane, has Maria Slatinaru in the title role. Also Der Zigeunerbaron, Aida and Hoffmann's Erzählungen. (25621).

LONDON

Royal Opera, Covent Garden: In the new production of Ariadne auf Naxos, Jessye Norman and Rosalind Plowright alternate in the title role, and Kathleen Battle and Celina Lindsley in that of Zerbinetta; Jeffrey Tate conducts. The glittering cast for the new production of Rossini's La donna del lago includes Marilyn Horne and Frederica von Stade. (2401066).

English National Opera, Coliseum: The last two performances of the current season – the new productions of Philip Glass's Akhnaten and Michael Tippett's Midsummer Marriage. (8363161).

Royal Ballet moves to a tent in Battersea Park for two weeks with a reasonably-priced performance every night.

Festival Ballet opens at the Coliseum on Tuesday with a new staging of Coppelia which plays all week. (8363161).

ITALY

Teatro alla scala, Andrea Cenier by Umberto Giordano, conducted by Riccardo Chailly and produced by Lamberto Puggelli with Silvana Mazzieri, Eva Marton and Jose Carreras; Don Pasquale conducted by Claudio Abbado with Luciana Serra, Sesto Bruscantini, Ernesto Gavassi and Alfredo Kraus. 809126.

Vicenza, Teatro Olimpico: Mozart's Il re Pastore conducted by Gabriele Ferro and produced by Pierluigi Pizzi (who also designed scenery and costumes). In the cast, Lucia Aliberti, Kaaren Erickson, Brigitte Poschner, Yosiisa Yamaji and Jorio Zennaro (37023).

Turin, Teatro Regio: Madame Butterfly conducted by Will Umburg and directed by Mario Nasciguerra. (548000)

Milan, (Central Courtyard of Milan University – Ca' Granda) via Festa del Perdono: I Promessi Sposi. A two-act ballet by Roberto Azon based on Alessandro Manzoni's novel, with choreograpy by Mario Pistoni and scenery by Luisa Spinatelli. In the cast, Luciana Savignano, Oriella Doriella and Francesco Sedeno, with the La Scala corps de ballet. Every Day except Sunday. (809126).

Naples, Teatro di San Carlo: La Sonnambula with Edita Gruberova (alternating with Maria Dragoni) Antonio Savastano, Simone Alaimo and Kate Gamberucci. (418266).

SPAIN

Madrid, Teatro de la Zarzuela. An all-too-rare appearance in his own country of top Spanish tenor Placido Domingo in Verdi's Otello, conducted by Luis Antonio Garcia Navarro, artistic director Piero Paggioni (Wed). (2216510).

Nureyev to dance in Manchester

Rudolf Nureyev is to visit the Palace Theatre, Manchester with the Ballet Théâtre Francais de Nancy in a programme called *Homage to Diaghilev*. This will include *Les Biches*, *Le Spectre de la Rose*, *L'apres-midi d'un Faune* and *Petrushka* and will run from August 19-24.

Nureyev last performed at this theatre in 1983 with the Boston Ballet.

Rocket Press on display

The Rocket Press is holding an exhibition of its private press books at Blackwells Rare Books at Fyfield Manor, Fyfield, near Oxford, during July and August.

What makes this remarkable is that Rocket Press is the inspiration of Jonathan Stephenson, who is 20. He began printing at the age of 11 and has since won many printing prizes,

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Lessons from the hijack

THE AMERICAN hostage crisis in Beirut has been resolved in a manner few would have dared to hope a fortnight ago. The final stage, the release of the 735 Lebanese prisoners held in an Israeli jail, will presumably take place in the fairly near future, if not immediately in order to preserve some credibility for the public assurances from Washington and Jerusalem that no deal was struck with the hijackers.

But deal or not, the release of the hostages has demonstrated the efficacy of covert diplomacy between governments which in many other areas of policy have been sharply opposed. President Reagan appears to have handled the crisis with the correct blend of firmness and recognit\on of where the ultimate source of power reside in Lebanon. The U.S. was quick to appreciate the central role of Mr Nabih Berri, the leader of the Shi'ite Amal, and then to widen its contacts to include Syria's President Hafez al-Assad with whom Mr Berri works closely.

During the past few years the U.S. has increasingly come to view Syria as the major obstacle to its efforts to bring peace to the region and the prime representative of Soviet ambitions in the Middle East. Mr George Shultz, the Secretary of State, was particularly angered by the success with which Mr Assad sabotaged the May 1983, agreement between Lebanon and Israel.

The depth of U.S. suspicions towards Syria will not have diminished as a result of the hostage crisis, but as with Dr Henry Kissinger in the mid-1970s the Administration may have learned that Damascus is a capital with which business can be done and which has its own regional interests.

Tactical alliance

Washington has in the past 48 hours acknowledged Syrian "helpfulness" and there is already a body of opinion within the State Department which argues that the only external power which can check Lebanon's slide into total anarchy is Syria.

Syria, despite its tactical alliance with Iran in the Gulf War with Iraq, is probably no less alarmed than Western nations and Arab moderates by the upsurge in Moslem fundamentalism. President Assad has no wish to see the militant pro-Iranian Hezbollah, the apparent authors of the TWA hijack, challenge Mr Berri for the leadership of Lebanon's Shi'ite community.

There was therefore during the past two weeks a clear coincidence of interest between the American desire to free its citizens and Syria's wish to prevent militant Shi'ites from grasping more headlines and popular support in Lebanon. It would be unrealistic to suppose that such a momentary example can be easily expanded but it could prove fruitful to examine other contentious issues in this light.

Syria, for example, is determined that Israel should withdraw totally from south Lebanon. Israel would probably contemplate such a move if it could guarantee security for its northern border. The one organisation which might still ensure calm in the south is Mr Berri's Amal which is more interested in developing its constitutional role in Lebanon than in exporting Khomeini-style revolution.

Powerful role

Of course, Syrian perceptions of what is required for a just and lasting settlement of the Palestinian issue and those of the U.S. and Israel remain poles apart. President Assad is totally committed to the frustration of the joint Jordanian-Palestinian initiative and to his own dream of achieving military parity with Israel as a precondition for negotiations.

The upshot of the hostage crisis for the search for a Middle Eastern peace settlement is therefore ambivalent. On the one hand Syria's powerful role in supporting a non-violent end to the hijacking was a reminder. of a paradoxical sort, of Syria's influence in the region and of the difficulties of attempting to conjur up a settlement which ignores Syria's perceived interests.

On the other the experience of the crisis may encourage the U.S. to view the Middle East in terms more pragmatic than the somewhat simplistic line up of pro-Western friends and anti-Western enemies which it has sometimes favoured in the past.

The U.S. will certainly have to apply a painful pragmatism to the questio nof retaliation. It may seem deplorable that there should be no redress to the hijacking of an airliner and the murder of one of its passengers in cold blood, but the fact remains that to lash out in the vague direction of the perpetrators will merely prove counter-productive. It is going to require all President Reagan's political courage to continue with the diplomacy that produced such benefits last weekend.

Countering the terrorist

ALTHOUGH the TWA hijacking is over, with the hostages safely returned to freedom, the possibility of a recurrence somewhere else in theworld remains. The events of the past two weeks—the hijacking, the Air-India disaster, the Tokyo baggage bomb and the Frankfurt airport bombing—haveall highlighted dramatically the vulnerability of air transport to the menace of terrorism.

Security in aviation has become an industry in its own right since the spate of hi-jacking of the 1970s. The corrective measures taken since then—new international conventions at airports—have been successful in that the incidence of seizures has fallen from its peak of 91 in 1969 to 17 in 1984, while threats of seizures have tailed off from a peak of 373 in 1973 also to 17 in 1984.

The problem is now that the pattern of terrorism against aviation is changing. It is becoming more difficult to prevent and to deal with when it occurs. The era of the lone hijacker, seizing an aircraft to get a ride to freedom or for some other reason, appears to be giving way to politically-motivated actions carried out by groups of ruthless people who simply do not recognise their actions as crimes in spite of the condemnation of the rest of the world. As a result, each hijack or terrorist act in the smaller number now occurring appears to become more vicious, as the TWA and Air-India incidents demonstrate.

Block loophole

Dealing with the comparatively new phenomenon is a matter of urgency, the more so since civil aviation is now expanding again after the recession, and the emphasis has tended to be on greater speed and convience for the passenger in an increasingly-congested air transport system.

One immediate step must be to intensify security procedures by airport authorities and airlines worldwide—more stringent body and baggage searches at airports, meticulous searches of aircraft while on the ground, tighter control of access to aircraft at airports by anyone involved in ground handling—to block every conceivable loophole through which a terrorist can slip. The work of the International Air Transport Association's own mobile security task force, which monitors airports worldide, is being stepped up. It could and should be encouraged to do even more.

Such tighter security is going to cost more money, require more staff and involve less freedom for passengers to move around airports at will and carry what they like aboard aircraft. All that will have to be accepted in the interests of safety. Moreover, it will have to be sustained at a high level for a very long time, for it is when security starts to slip after a period of quiesence in terrorism that the dangers will be at their greatest.

Security lapses

Meanwhile, governments must work harder on the other strand of preventive action—that is finding ways of making work the existing laws against terrorism in aviation. The conventions that do exist, outlawing crimes against aircraft and their passengers and crews, would be far more effective if they were thoroughly implemented. They have been signed and ratified by many countries but some still have not done so, and some which have do not take them as seriously as they could or should. As yet, there are no effective long-term international punishments for countries which harbour terrorists—providing the "safe havens"—or condone their actions.

Overcoming this problem is perhaps the most difficult of all. The imposition of immediate flight bans for occasional security lapses may give some release to pent-up anger, but it is doubtful if it does any good in the longer term.

There are no magic solutions and total security is probably impossible to achieve. But much can be done through diplomacy and through stringent precautions by governments, airlines and airport authorities.

AFTER THE U.S. HOSTAGE CRISIS

Why the story is far from over

By Reginald Dale, U.S. Editor, in Washington

IT WAS, said a haggard-looking Mr Robert McFarlane, "just one more crisis." As the aircraft carrying the 39 American hostages finally cleared Syrian airspace on Sunday night, President Reagan's national security adviser seemed to be suggesting that the White House had easily taken the harrowing events of the previous 17 days in its stride. Throughout, he added loyally, Mr Reagan had remained "unflappable."

Captain John Testrake (centre left) is hugged by one of his fellow hostages after their safe arrival in Germany

Few Americans will have taken Mr McFarlane's disingenuous understatement at face value. The emotional ordeal of the TWA hostages presented Mr Reagan with one of the severest tests of his presidency—a test that is not yet over.

It raised searching and still unanswered questions about the morality and effectiveness of the use of American military power, and dramatically re-focused slipping national attention on the intractable problems facing the U.S. in the Middle East.

It opened cracks in the usually rock-solid U.S.-Israeli relationship and, to the dismay of the White House, for the first time caused Mr Reagan to be seriously compared to his much-maligned predecessor, Mr Jimmy Carter. Mr Reagan has painfully discovered, as numerous commentators have pointed out, that tough talk is easier than tough action.

The horrors of terrorism have been brought home to the American general public with unparalleled directness. The captives were not diplomats or embassy personnel, like their forerunners in Tehran. Nor had they, like the seven so-called "forgotten hostages" still held in Lebanon, gone to Beirut as a matter of choice in the first place.

They were perfectly ordinary Americans, just like those to be seen at virtually any airport, with whom everyone can identify. It was easier than ever before for millions of television viewers to imagine the same thing happening to them.

The images of the last two weeks will not quickly fade: the coolness of pilot John Testrake conducting a cockpit TV interview with a gun at the back of his head; Mr Reagan's frank admission that he had "pounded a few walls" himself; the increasingly familiar measured tones of Mr Allyn Conwell, the hostages' Texan spokesman (who by the end sounded as if he were running for national political office); the mercurial hostage-master Mr Nabih Berri insisting to a doubting public that he had America's best interests at heart.

The national mood — never hysterical—has for the moment turned from frustration to a mixture of heady patriotism and relief. Mr Reagan can be counted on to pull out all the stops when the hostages come home, to the accompaniment of yellow ribbons and national rejoicing, on the eve of the most patriotic of all American holidays, Independence Day, July 4.

So far, the opinion polls have shown clear majorities in support of Mr Reagan's conduct, and the White House will do all it can to capitalise on the fact that for once it is courageous live Americans, and not flag-draped coffins, that are returning from the Middle East.

No sooner was the hostages' aircraft in the air on Sunday, than the White House press corps was presented with 14 colour photographs of Mr Reagan at the helm — chairing emergency meetings at the White House, at Camp David and aboard Air Force One. In the early uncertain days, the tactic had been to portray him calmly pursuing business as usual, ostentatiously trying to avoid immersing himself in the crisis like the hapless Mr Carter.

Public feelings are still mixed. There is no dodging the cruel truth that one American, a young Navy diver, was killed by the hi-jackers and that the plight of the seven kidnapped Americans has taken no turn for the better. Their fate, too, has suddenly been thrust before the public eye, not least by the Administration itself, which tried vainly to include them in the manoeuvrings that finally freed the 39. Mr Reagan is now much more committed to doing something about their release as well.

While the agony of Flight 847 has come to a happy ending, it has been widely noted that the terrorists called Mr Reagan's bluff and found few aces in his hand. The elite Delta commando force, trained to cope with just such emergencies, was unable to act, and Mr Reagan's post-Tehran promise of "swift and effective retribution" against future terrorists has yet to materialise. His whole anti-terrorist policy, embodied in the oft-repeated claim that "it will never happen again" has been found wanting.

On the plus side, the Administration can claim, with at least some degree of conviction, that it has not yielded to blackmail. It believes that the public sense of outrage and fear, heightened by the mysterious destruction of Air India Flight 182, will ensure that additional resources and energy are devoted to the fight against terrorism. Passengers, for instance, will henceforth tolerate longer delays before boarding aircraft and tighter, if tiresome, airport security.

But Mr Reagan now faces the unenviable dilemma of whether to retaliate—and, if so, how. If not, he risks having his bluff called once again—and there is a strong national feeling that he *must at least "do something."* The newspapers and TV screens have been inundated with advocates of retribution, whether in the form of bombing raids or trade and economic sanctions or both—though against precisely whom is unclear.

> It has been widely noted that the terrorists called Mr Reagan's bluff and found few aces in his hand

Both liberals and conservatives are calling for an irrevocable statement that in future the U.S. will retaliate as a matter of principle, that terrorism against Americans can never again be "cost-free"—the only dispute being over how far innocent lives should be put at risk. Only by agreeing in advance on retaliation, maintains Mr Lawrence Eagleburger, a former Under Secretary of State, can the Administration put an end to its interminable internal arguments over whether or not to strike back with military force.

Mr Reagan is now caught in the middle. He has promised that murderers of Americans will be "held accountable" and has vowed to carry the fight to the terrorists. But he has also said that to strike indiscriminately would be to drag America down to the terrorits' level.

The debate is not just about the effectiveness of reprisals—*it is about American post-Vietnam* morality. The U.S. rightly prides itself on its respect for human life — the CIA, for instance, is forbidden by law from assassinating even the state's worst enemies. But ironically, it is precisely that concern for human life, and particularly for American lives, that makes the U.S. so vulnerable to hi-jacking and terrorist demands.

In the worst moments of last week, there were those who said the U.S. should show its toughness by lashing out at Lebanon, even if it meant the death of the hostages. Many would cheer now if Mr Reagan "took out" Beirut airport. But now that their minds are focused on the problem, the majority would almost certainly be loath to take innocent lives. There is widespread recognition that the none too accurate shelling of Lebanese villages by the massive guns of the battleship New Jersey, in 1983, was a mistake, both morally and politically.

Mr Reagan is likely to find himself further constrained by *Sunday's dramatic plea from* the hostages themselves not to seek revenge but to follow the path of "justice and understanding." Nobody really knows for sure whether military retaliation would discourage, or encourage, further acts of violence against Americans.

If retaliation is Mr Reagan's most immediate pre-occupation, it is by no means his only one. His broader Middle East peace policy is also in need of urgent attention — largely because of Syria's key role in freeing the hostages.

Seen from Washington, Syria has long been the arch-villain in the Middle East peace process—particularly in the eyes of Mr George Shultz, the State Secretary. Mr Shultz has never forgiven Syria for torpedoing the Lebanese-Israeli withdrawal agreement of May 17 1983, which he regarded as his own personal achievement. Syria has since made it perfectly clear that it plans to thwart the new Arab-Israeli peace initiative taking shape under the aegis of Jordan's King Hussein.

President Assad has clearly demonstrated that he calls the shots in Lebanon. If, as some experts believe, he now wants to start a genuine dialogue with Washington, it will be hard to ignore his wishes—particularly as he has promised, admittedly somewhat vaguely, to do his best on behalf of the *remaining hostages*.

That is not good news for King Hussein, who has seen his peace initiating dramatically upstaged over the past two weeks, and is keen to manoeuvre Syria out of the peace process. U.S. retaliation were to create a new wave of anti-Americanism in the Middle East, King Hussein's position would rapidly become untenable.

Washington is still not sure of Mr Assad's motives in rallying to help the hostages. Somehow, a way will have to be found to bolster King Hussein against what seems to be *Syria's heightened influence*, at a time when many Arabs are likely to have concluded that U.S. pawer in the region has again been exposed as ineffectual.

Repair work will also be needed to U.S.-Israeli relations, despite official claims by both Washington and Jerusalem that the two countries' alliance has never been stronger. That is certainly what the Administration hopes. But many Israelis were upset by Washington's attemp tto make them responsible for ending the crisis by releasing their Lebanese detainess.

Whether or not the Administration egged on American public opinion, and especially American Jews, to put pressure on Israel to free its prisoners, it certainly succeeded in leaving that impression in many quarters. By the middle of last week, according to a survey in a Washington Post/ABC News opinion poll, an astonishingly high 42 per cent of Americans thought that the U.S. should distance itself from Israel to prevent further acts of terrorism against Americans in the Middle East.

That is worrying for both Israel and a U.S. administration that has been one of Israel's strongest supporters. But similar feelings have been recorded in the past, only to subside fairly rapidly. Most Washington experts believe that hte damage will be relatively short-lived.

All the same, the highly publicised remarks by the hostages at their gunpoint press conference made clear they felt the Shi'ites held by the Israelis were "hostages" too. The captive Americans' sympathy for the Shi'ites' objectives may not prove long-lasting, but it is bound to have made at least a temporary impression on public opinion.

The often unloved American media found itself especially under fire on this count. By airing the hostages,' and Mr Berri's press conferences and interviews, the TV networks have been accused of giving the hostage-takers the sort of publicity on which terrorism feeds.

On balance, the media was yesterday being given the benefit of the doubt, even if the networks were probably guilty of some lapses—of excessive coverage when nothing was really happening and rapidly running out of new terrorism experts.

"You have to wonder if the networks will be sorry to see this hostage crisis end. They're having such an exciting time with it," wrote Tom Shales, one of the country's top TV critics, in the Washington Post.

The media inevitably became part of its own story — but there was no evidence that people were switching off in disgust. On the contrary, polls showed that the nation was riveted to the screen.

The story, meanwhile, is far from over. Mr Reagan has not suffered the indignity of the *444-day ordeal* endured by Mr Carter — he was lucky that third parties could exert an outside influence that was not available in Iran. But now that the hostages have been released, he faces the even more daunting task of really ensuring that "it will never happen again."

Men and Matters

A chemist for Thorn's ills

"We have done a very bad job of explaining our position to the City. I am not criticising the City. I am criticising ourselves." Thus Sir Graham Wilkins, 61, newly-installed chairman and chief executive of Thorn-EMI, got down to his immediate task yesterday of restoring the Square Mile's confidence in the troubled company.

The City, which had grown increasingly restive about Thorn's performance under Peter Laister these past 18 months, may have to be patient a while longer. Wilkins says it will take "more than six months to cure the problems we have got."

Laister's resignation followed action by the Thorn board rather than pressure from institutional shareholders. Laister "was not very happy," says Wilkins, "but the rest of the board was unanimous."

What Thorn needs is a change of management style rather than fundamental strategy, says Wilkins—a view which not all City analysts will share.

Wilkins an "amiable but decisive" West Countryman, who has been on Thorn's board since 1978 became deputy chairmn last year when he retired after a decade as chairman and chief executive of the Beecham group.

He joined Beecham in 1945 as a research chemist, working on formulas for Macleans toothpaste, Lucozade and Bristows shampoo. He served in various executive positions until, as head of Beecham Research in 1961, he led the marketing operation for semi-synthetic pencillin which was the basis of Beecham's emergence as an international pharmaceuticals company.

During his 10 years as chairman, Wilkins saw Beecham's turnover rise from £436m tc nearly £2bn, and profits from £62m t o£268m—but there are critics who say he let things drift a bit in later years and that he was not too good at talking to the City either.

"Did Arthur Scargill say who he wants to be Prime Minister if we get back?"

Policy gap

There are changes afoot at the top of the Prime Minister's Policy Unit—the successor to the "Think Tank."

John Redwood, 34-year-old head of the unit, has been selected as prospective Conservative parliamentary candidate for what by any standards should be the safe Tory seat of Wokingham in Berkshire, and has promptly resigned from the Civil Service.

He will stay on for a short transitional period until a successor is found. He has been on loan from Rothschild's, so it should not be too difficult for him to return to the City.

Still, it will be a hard job to give up. The Policy Unit has become very much Mrs Thatcher's eyes and ears, at least on domestic issues. It shadows practically every *government department and* differs from the original think tank in that it operates almost entirely in private. The Prime Minister is thought to be very pleased with it.

It was set up by Ferdinand Mount, the journalist, who recruited Redwood as an aide, then told him afterwards that he was to take over.

Redwood stood at the Parliamentary by-election in Southwark Peckham in October 1982, and won only 12.4 per cent of the vote, thus just losing his deposit.

He should do better in Wokingham where the retiring Tory MP, Sir William Van Straubenzee, won over 60 per cent last time and the Liberal came second with 31.6 per cent. Yesterday the Redwoods were already looking for a house in the area.

Well ahead

The appointment of Dr Tom Margerison as director of the Nuclear Electricity Information Group means that this column ha ssaved Britain's nuclear industry a headhunter's fee — about a year's salary.

Margerison. one-time science editor of New Scientist and of the Sunday Times, spotted a reference in Men and Matters tot he industry's plans for a new "shop window" to explain nuclear electricity to a wider public. He applied and was chosen in preference to the 50-odd who replide to a headhunter's ad.

Margerison is a former chief executive of London Weekend Television but has since been in public relations where he found the development of PR studies and public attitude studies "cerebral and highly intellectual."

But his contacts with nuclear power go back 30 years. As right-hand man to Percy Cud*lipp, founder-editor of New* Scientist, his first contribution was on the Queen's opening of Calder Hall, the world's first big nuclear power station.

Bank to bank

It is quite a change from running an exclusive up-market bank like Dunbar with such names as Sean Connery, Virginia Wade and Bjorn Borg as its clients to the TSB, the savings bank which began life over 140 years ago as a thrift institution for the poor.

That is the move which David Backhouse has made with his appointment yesterday as chairman of TSB Trust Company, the insurance and unit trust arm of the TSB group which is to be floated early next year on the stock exchange.

In August last year 46-year-old Backhouse resigned as managing director of Dunbar which he had built up into a specialist private bank and which was taken over in November, 1982 by Allied Hambro. Backhouse resigned amidst reports that he was unhappy with the proposed but aborted merger of Allied Hambro and Charterhouse J. Rothschild and in particular his own future role.

Since leaving Dunbar, Backhouse says he has decided to stay out of line management, at least for the time being, preferring instead to take up non-executive appointments such as his directorship of Witan Investment and in "one or two private companies in the financial field."

His latest appointment he regards as "very exciting" given the planned flotation of TSB and all the opportunities which that will create.

Most of his working week he now spends at Chartfield Holdings, the venture capital consultants set up by Nicki Branch, which he joined in February this year and in which he is now a shareholder. But one day a week, he devotes to running the financial side of the 700 acres farm at Fairford near Cirencester owned by his wife's family. His wife is the former European junior and senior showjumping champion Anne Townsend.

Observer

Letters to the Editor

British Gas, energy policy and competing industries

From Mr G. A. Weale

Sir,—In a recent editorial you highlighted several important matters which Ofgas the body to regulate British Gas will need to address. But before the Government is able to write its rule-book, it needs to do some urgent thinking on its energy policy.

The International Energy Agency recently singled out this Government for "failing to artwiculate" its energy policy, but of course it is difficult to articulate a non-existent, or at best pvatchwork policy.

Not s,o long ago the Secretary ofm State for Enewrgy was on the record aps insisting that Britain should treat energy as a traded commodity and allow market forces to dictate the direction of flow. But the Government has consistently failed to give expression to this view, especially when dealing with gas. No permission has been given for gas exports (despite the pleadings of UK gas producers) and the proposed import from the Norwegian Sleipner field was vetoed. Moreover, only a government without a clear energy policy could allow their gas utility to negotiate over the Sleipner deal for nearly three years, and then withhold permission at the 11th hour when, in reality, little had changed.

A deficient energy policy was also to blame for the necessity of a three-year enquiry to review the proposed Sizewell B pressurised water reactor power station. Instead of concentrating on the technical and economic issues specific to this proposal, the inquiry found itself evaluating a wide range of alternative options which should properly have been the province of the Department of Energy.

Potential investors in British Gas will see that its future profitability will depend significantly upon the volume of gas which the utility has available for sale. They will also recognise the importance of the framework established for the competing energy industries. In order to pave the way for a successful flotation and to provide adequate guidance for the regulatory bod the Government must now urgently define the central elements of its energy policy.

G. A. Weale
Senior Energy Economist,
DRI Europe.
30 Old Queen Street, SW1

Banks and improvements

From Mr D. T. Riley

Sir,—Since May, the National Westminster Bank has been printing a new statement, incorporating so they say, everything requested by their customers.

As previously there are three columns, Debits, Credits and Balance. For those who enjoy checking the arithmetic of computer programs, a completely useless daily balance is provided.

The final balance tells the bank and the customer if he has bettered or worsened his affairs since the previous month, but a much more worthwhile pair of figures is omitted.

I am more interested in the sum of the debits and again in the sum of the credits. These serve as my checksums when I divide my debits into cost centres and my credits into profit centres. Why do I have to add these by calculator when the Nat West IBM computer could do these sums for me?

Or am I now a lone FT reader, the last to keep manual records without benefit of a p.c.?

D. T. Riley.
1 Chapel Court, SE1

Efficient Market Theory

From Mr J. Golding.

Sir,—Mr Turgoose (June 28) asks for evidence concerning the validity of technical analysis. May I refer him to an article by Messrs Stevenson & Bear entitled Commodity Futures: Trends of Random Walks? (Journal of Finance, USA March, 1970).

This article referred to July corn and July soyabean futures for the 12 years 1957-68. A policy of buying when the price of either future had moved up by 5 per cent (or selling following a downward move of 5 per cent) together with a trailing stop of 5 per cent and repeating if a loss was sustained, gave the following results: Corn—seven profitable years, net profit $2,413; Soyabeans—eight profitable years, net profit $17,101.

Further, Mr Hamilton Bolton (author, The Elliott Wave Principle—A Critical Appraisal, Bolton, Tremblay, Montreal, 1960) predicted in 1960 that the super cycle high for the Dow Jones index would theoretically be 999. The actual high, in 1966, was 995.

Finally, concerning the accumulation of untold wealth by means of technical analysis, may I offer the following example? A trader might devise a trade selection method which required the use of the whole of his risk capital. This method would produce a 75 per cent per annum return in eight years out of 10, with the other two years giving a loss of 50 per cent per annum. If the two losing years come first the trader has a successful technical method but no capital.

J. Golding,
Director, PTG,
Breech Lane, Tadworth.

From Mr M. H. Coulson

Sir,—Unfortunately for Mr John Cornford (June 25) it is not enough to find just one fund manager who "consistently" beats the market to disprove the efficient market theory. Whatever determines market prices, there will always be portfolios that beat the averages, and in a large population there is no reason why even a random selection of shares should not out-perform the market for a considerable time. One does not have to go so far as the mythical monkeys set down in front of the typewriters and challenged to write Hamlet to demonstrate this: far more practically, there are many people who manage to win at (say) roulette over lengthy periods. Surely not even Mr Cornford can believe that they achieve this through applying "more informed judgment."

M. H. Coulson.
Laing & Cruickshank,
7, Copthall Avenue,
London, EC2.

From Dr A. J. Berry

Sir, — The debate upon the Efficient Markets Hypothesis was once described in the following way. All published academic or other research on the EMH would show that the market was information efficient because any research that found otherwise would be put to a practical use. The effect of putting such research to practical use would probably restore the "efficient market" through price-signalling mechanisms. The point here is that interesting question about market efficiency is how "information" is handled from its inception to an observable effect on prices. A second and more useful question is about the relationship between markets and economic efficiency.

On the latter point you carry a review (June 26) of 25 economic forecasts. All of these seem to be the same, given the likely error range. Does this now mean that the forecasting market is efficient, or that the processes of forecasting (some models and some interpretations) are roughly identical, or that there is some social network that willy-nilly pulls the forecasts into equilibrium?

A. J. Berry.
Manchester Business School,
Booth Street West, Manchester.

Solicitors and conveyancing

From Mr J. B. Espley

Sir,—I think many solicitors have read with interest the various contributions relating to the conveyancing issue.

Most solicitors feel they will be able to compete with licensed conveyancers. Banks and building societies are another matter. What borrower, sweating on getting a loan is going to say to the bank or building society clerk he is dealing with: "I want my own solicitor to deal with the conveyancing"? What impecunious first-time buyer is going to refuse an offer of conveyancing fees and disbursements being converted to a slightly higher interest rate for the first few years of the life of the mortgage. The experience in the U.S. is that 70 per cent of all conveyancing is performed by the lending institutions. They use title indemnity insurance and thus there is the usual cosy, and lucrative, relationship between the lender of money and the insurer. I do not really think that the banks and building societies can be prevented from using their financial muscle to gain an unfair advantage in the conveyancing market. Unfortunately for solicitors, if they lose a considerable portion of the conveyancing business, they will also lose much of the other business which follows on by contact with the client. There would clearly be a large reduction in the number of solicitors in private practice and a great many country practices would disappear.

Surely the public at large, many of whom are not consumers of conveyancing services, have an interest in this matter if their access to solicitors is to become severely restricted by the closure or amalgamation of solicitors' practices.

As far as the consumer of conveyancing services is concerned, once the lending institutions have a virtual monopoly of the work, fees will rise accordingly.

Almost all solicitors accept the need for change, but surely the change should be gradual to allow the necessary adjustments to be made.

As far as conflict of interest is concerned, I do not think it is possible to defend in principle the contention that a borrower's interest may be safely entrusted to a lender.

J. B. Espley.
Howell Hughes & Co.
24 Wynnstay Road,
Colwyn Bay, North Wales.

From Mr S. Best

Sir, — Sue Cameron, writing in the Lombard column (June 27) appears to hold the quaint view that the duty of the new breed of licensed conveyancer (the quarter-qualified lawyer as Professor Farrand admitted he would be) is somehow to be thought not to owe a duty to his client. That is the conclusion to which one is compelled because Sue Cameron suggests that whereas it would be improper, because of the conflict of interest arising (and about this she is absolutely right) for a solicitor employed by a bank/building society to act for both lender and borrower (i.e., the institution and mortgagor) the same constraints need not apply in the case of the licensed conveyancer.

Accepting, as I do, that the new breed of licensed conveyancer will be, at best, a fourth-rate lawyer, it nevertheless seems unfair that members of the public, who have recourse to such individuals, should lose the protection which would be afforded to them if the employee of the bank/building society was a solicitor.

S. Best.
Immediate Past Chairman,
British Legal Association,
116 London Rd,
Tunbridge Wells, Kent

Scottish pound notes

From Mr K. Paterson-Browne

Sir,—In reply to Mr B. Davies's letter praising the virtues of Scottish banknotes, I think he will find that these may only be issued north of the border under current legislation.

It is very doubtful whether *the English banks will be keen* to alter the status quo because this would present the Royal Bank of Scotland with a highly effective form of publicity and it would encourage the Bank of Scotland to increase its presence in England.

It is not generally appreciated that for every banknote issued by the Scottish banks, the Bank of England has to print one of its own.

K. Paterson-Browne.
The Old School,
Sutton Village, Pulborough,
Sussex.

Electoral reform

From Mr S. Doyle

Sir,—In his article, The Thatcherite case for change, wherein he espoused the cause of electoral reform, Mr Samuel Brittan stated that the decision taken in 1983, to go to the country one year early, prevented the Government from deliberating upon problems now staring it in the face. That is surely an indictment of the parliamentary system in general and not merely of the manner in which representatives are *elected.* In view of further opinions expressed in his article, the writer could have developed his arguments further.

The days have surely passed when electoral reform alone could be expected to put Britain on the road to recovery and a more comprehensive set of proposals is now called for. If lasting improvement is to be effected, then possible avenues of reform must be considered from a number of standpoints, inside and outside Westminster over a reasonable period of time.

We have had our fill of short term miracle cures and must learn the lessons of history. As the great Reform Act of 1832 was preceded by 50 years of endeavour, it is apparent that men and women of goodwill should now be working together in preparation for the next step in parliamentary evolution. Modern methods and means of communication could enable 50 years work to be accomplished in 15 years, thereby offering tremendous hope at the dawn of a new century.

S. Doyle.
Hon Sec, Campaign for Parliamentary Reform,
Jarmans Court, Fore Street,
Cullompton, Devon.

Teaching foreign languages

From Mr Peter Donaghy

Sir,—It is rather unfortunate to learn from Michael Gayford's letter (June 22) that some sectors of industry staff seem to be unaware of the revolution which has taken place in foreign language teaching over *the past fifteen years. Poly*technics and some of the newer universities have developed excellent courses with integrated exchange and placement arrangements with linked institutions and firms in Western and Eastern Europe as well as with Latin America. Graduates from such courses are fluent in at least two modern languages and have a deep understanding of at least one other discipline such as economics, politics, and business studies.

If your correspondent contacts me quickly enough it may yet be possible for him to employ one of our graduates from this year.

Peter Donaghy
Newcastle-upon-Tyne
Polytechnic,
Lipman Building,
Sandyford Road,
Newcastle-upon-Tyne

Automotive engine emission control

From Mr P. L. Dartnell

Sir,—Having read the letter from Dick Wheeler, I was surprised and perplexed that someone who has been so closely associated with control of automotive emissions over many years could become so submerged in the political expe*diency which surrounds* this issue in Europe at present, rather than a carefully prepared and factual report on the issue.

It is quite wrong to suggest that the current lean-burn engine concept is in any way comparable to the earlier attempts of over a decade ago to achieve this objective. Times has passed and development has proceeded apace. This development has demonstrated that such engines are now capable of large-scale production with clean exhausts, coupled with significant savings in fuel consumption. It is in this particular area that discussion in Europe is centred, and one in which the motor industry has justifiably featured since they are rightly concerned about fuel economy—they have customers to satisfy, as one of the reasons.

The reason that the UK government and industry together with other European countries have advocated lean-burn technology coupled with "clean" engines is the overall saving to the motorist and the national economy. It is stated by the UK government that to move to the three-way catalyst systems and associated sophisticated engine management would cost the average motorist an extra £126 per year to run his car, and the cost to the national economy would be £2,000m every year. Far from the cost being "lost in the usual inflationary rise in car prices," it must surely, in itself be highly inflationary.

This must be set against the saving in petrol which it is estimated would be possible with lean burn engine technology—a saving of 50 gallons for each motorist every year. Ultimately this would mean an additional crude oil energy requirement for the country over 10 years of nearly 30m tonnes—not far short of the estimated annual output of the North Sea in the 1990's.

Such penalties (and fuel savings foregone) would then be set against the questionable need to use an emission control technology which would mean that the motor car was effectively working like a vacuum cleaner—the emissions at the tail pipe being cleaner than the air going in.

Surely the European motor industry is right to question the cost effectiveness of such stringent emission control, particularly when it is quite well established that nature itself provides, on a global basis from natural sources well over 90 per cent of the pollutants which are the source of control from the motor car. That is why in rural areas there exists and always has a natural background level of these pollutants and man-made sources contribute very little more. Indeed, it would be interesting to estimate the proportion of pollutants which Mr Wheeler would have breathed had he lived in times ahead of the motor car, compared with his present day life time estimate of 150 tons.

Again, the fundamental guidelines for the design of a test cycle have always been based on the premise that the contribution and hence concentration of motor vehicle pollutants will be of major concern in those areas of highest vehicle concentration viz cities. To that end, the European test cycle has been designed to represent the typical pattern of driving in major European cities, and as far as I am aware still holds good from more recent surveys of traffic movement.

Surely, if we wish to control pollution it is more logical to test vehicles to the driving pattern which prevails in our cities rather than to adopt an entirely different and inappropriate test cycle from another continent.

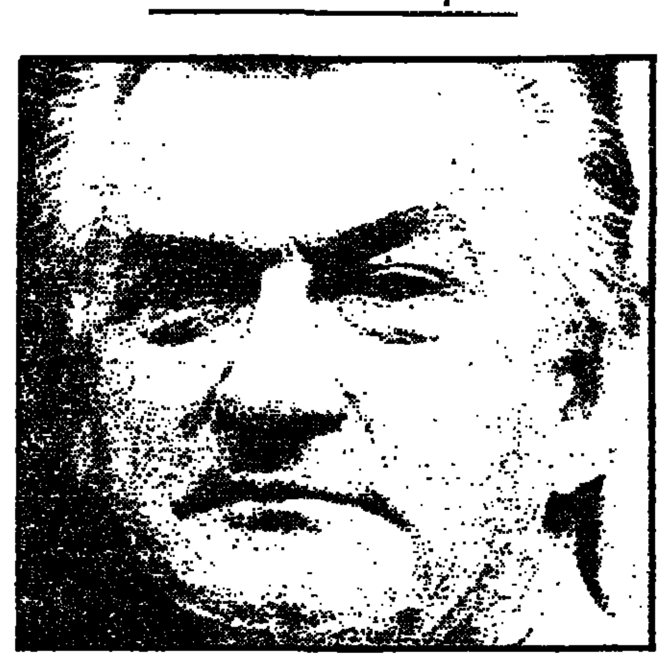
I believe that Mr Wheeler, rather than castigating the European motor industry would do well to examine the basic reasons for the present fragmented situation in Europe concerning motor car emissions, and to recall the words of Lord Eric Ashby, a former chairman of the Royal Commission on the Environment: ". . . and the politician, mindful that there are more votes in emotion than in logic, is tempted to trade long-term benefits for short-term approval from his constituents." (Environmental Science and Technology—November 14, 1980—Eric Ashby).

P. L. Dartnell.
25, The Drive, Horton,
Northampton.

Australia's tax plan

Hawke's need to turn back the tide

By Michael Thompson-Noel in Sydney



Mr Bob Hawke, Australia's Prime Minister.

WITH two successful general elections to his credit and with his 29th month as Premier of Australia fast approaching, Mr Bob Hawke no doubt feels entitled to a smattering of respect.

He may not be the World's Most Charismatic Man, as some Australians have rudely dubbed him. But his accomplishments at the tiller of one of the *world's most stable democracies* might in other circumstances have been rewarded with affection and esteem.

Mr Hawke's Labor Government has presided over a period of robust recovery in the economy. Consensus and conciliation—the key words in the Hawke vocabulary—are still delivering the goods. Above all, the Hawke Government has effectively wiped from the memory all recollection of the Whitlam Labour Government of the early 1970s, which was eccentric in the extreme and eventually sacked by Governor-General Kerr.

But while there is nothing Whitlamesque about Mr Hawke or his Government, his reputation is sullied. One leading com*mentator, for example, said* recently that he preferred the Hawke of old to the modern-day version.

The old Hawke was president of the Australian Council of Trade Unions and a roistering party-goer. He was the archetypal Australian, to a degree that Dame Edna Everage might have thought excessive. He had the proclivities of what his official biographer, Blanche d'Alpuget, the novelist, has called a "harem male."

The new Hawke is teetotal and bouffant-smart — qualities not in the mainstream of Australian tradition — so that he is now being accused of primping and prissying around Canberra in a manner hardly calculated to endear him to his colleagues.

The rise and fall of Mr Hawke's popularity is a phenomenon in itself, and must pain him greatly. But more importantly, it is now a political issue that will colour Labor's chances of hanging on to power after 1988, Australia's bicentenary year.

Until quite recently, it was assumed that the bicentenary would work in Labor's favour, giving the Hawke Government a better chance of retaining power. In recent months, however, the realisation has grown that there are some Australians — the Aborigines — for whom the arrival of Capt Arthur Phillip and his convicts at Botany Bay on January 20 1788 was an unparalleled disaster. As a result, organis*ing the celebrations will be* politically tricky, particularly if the Hawke Government has fluffed the vexed and complicated issue of Aboriginal land rights.

Ironically, Mr Hawke's loss of authority and diminished esteem coincide with an attempt by him and Mr Paul Keating, *the Treasurer (finance minister)*, to reform radically the tax system.

Radically, that is, by the standards of Australia, where the recessions of the 1970s and the Fraser government of 1975-83 helped further to dull the country's leadership and make it more conservative.

Hence the reformist zeal of the Hawke-Keating tax plan. Already, more than 2m of Australia's 5.5m full-time workers face a top marginal income tax rate of 46 per cent or more. In three years it will be more than 3m. Tax evasion is costing at least A$3bn (£1.5bn) yearly, and tax avoidance several billions more.

To reintroduce a modicum of fairness to the system, the *Hawke-Keating plan envisages* the introduction of a 12.5 per cent broadly-based consumption tax with which to pay for large cuts in income tax. Pensions and other benefits would be boosted to protect the needy from increased living costs. At the same time fringe benefits would be taxed: a very modest *tax on real capital gains* would be levied; and special concessions for gold mining, film making, and farm and property investment write-offs would be reduced or removed. Combined, these measures would yield about A$700m in their first full year, rising to about A$3bn after four or five years.

The Hawke-Keating plan is fair, bold, efficient. However, it is in trouble. A "tax summit" in Canberra (hosted by Mr Hawke and Mr Keating) started yesterday and will give interested parties a chance to air their views. The signs are not promising. The farmers are up in arms and threaten a major demonstration. Ten building unions have voted to strike this month in protest at the proposed consumption tax. *The Australian Chamber of* Commerce hates the capital gains tax proposal. Welfare groups are growling ominously. Gold miners and film investors will soon start shouting "Rape!"

The Liberals, Nationals, and Democrats are filling their lungs. And left-wing Labor groups are incensed that the package is not more redistributive.

Above all the tabloid newspapers are stirring up such a fog of incomprehension that most ordinary Australians must by now be profoundly confused.

Some solace for the Government lies *in the fact that the* Business Council of Australia, representing the country's biggest corporations, has endorsed key elements of the package, and the constitution Council of Trade Unions (ACTU) will probably air constructive views in line with the spirit of the Hawke-ACTU pay accord. To the surprise of many, this is still going strong after 28 months.

The view in Canberra is that Messrs Hawke and Keating are venturing into shallow waters, and may just strand themselves, in the manner of the 60 whales that beached themselves last week at Crowdy Head on the New South Wales coast. Valiant attempts were made to save their lives and protect them from sharks, but no sooner were they refloated than some beached themselves again.

So far, Mr Hawke's prime ministership has had two distinct phases. Between his first general election win in March, 1983, and his calling of another, premature, election late last year, he could do no wrong. Labor introduced sweeping deregulation of the banking and financial markets—still its main achievement—and the Hawke popularity index soared to record heights.

Then the Hawke magic ran away like sand. The election last December was bungled, leading to a loss of Government seats, and Mr Hawke walked into a stinging controversy over agreeing to co-operate with U.S. MX missile tests in the South Pacific. In addition, the Australian dollar plummeted.

As for Mr Hawke, he simply disappeared from view, leaving the stage clear for his critics. In recent months they have satirised and savaged all his faults: his arrogance, his temper, his toadying to President Reagan, and his difficulty in composing two clear sentences. As a result, all the Hawke virtues, and the achievements of his Government, have been largely lost from view.

The third phase of Mr Hawke's prime ministership is just about to start. In the main, the Hawke Government is better than Australians are used to. In addition, the tax plan has revealed the Government as a fraction less moderate, less unsocialist, and *less respectful of the rich and* greedy than was formerly supposed.

Mr Hawke still has a chance to get away from the beach. But the tide is not waiting.

FINANCIAL TIMES

Tuesday July 2 1985

OFFICIALS DENY LINK WITH RELEASE OF U.S. HOSTAGES

Israel to free Lebanese prisoners

BY DAVID LENNON IN TEL AVIV, REGINALD DALE IN WASHINGTON AND OUR FOREIGN STAFF

THE ISRAELI Government yesterday followed swiftly on the release of the 39 U.S. hostages with a decision to free within the next 48 hours some 300 of the 735 Lebanese it is holding captive in the Atlit prison.

The remaining prisoners are expected to be returned to Lebanon by the end of the week.

Israeli officials took pains to emphasise that the decision by the 10-man inner committee of the Cabinet responsible for defence and security was not related to the release of the hostages, who arrived at the U.S. air force station at Wiesbaden, West Germany, early in the morning after an overnight flight from Damascus.

In Jerusalem it was suggested in government circles that the release of prisoners had been scheduled 3½ weeks ago but had been delayed first because of increasing attacks in south Lebanon and then the hijacking of the TWA jet on June 14. But Israeli Radio reported that a new date, July 5, had been set.

"The kidnapping and the hijacking was actually a stumblingblock and an obstacle for the release of the prisoners," Mr Simcha Dinitz, a leading member of the Labour Party, the senior partner in the Coalition Government and former Israeli Ambassador to Washington.

Israeli insistance that the decision was not a quid pro quo accorded with President Reagan's claim that the hostages had been freed by their Shia captors as a result of diplomacy and unconditionally. But it was viewed with some scepticism by observers in Jerusalem, who saw it as part of the bargain, facilitated mainly by President Hafez al Assad of Syria, reached to obtain the freedom of the Americans taken from the aircraft hijacked on a flight from Athens to Rome.

A batch of 31 Shia prisoners was returned to Lebanese territory on June 23 in a move made under pressure of U.S. public opinion to ease the secret negotiations for the release of the hostages.

The Lebanese prisoners, most of whom are Shia Moslems, were taken prisoner by the Israelis in the last two months of its occupation of Lebanon. They were transferred to Israel in April when the area where they were held prisoner in southern Lebanon was evacuated as the withdrawal took place.

From the outset, the international community, including the U.S. and the UN, accused Israel of contravening international law by transferring the detainees to its own territory and holding them without trial.

There was jubilation in Wiesbaden where hostages were met by relatives when they arrived shortly after dawn.

The head of the U.S. Air Force hospital at the base described the freed men as being in "excellent physical and mental condition."

They reported bad treatment on the aircraft, where some were kicked and beaten, but there were mixed reports about conditions after they were taken off the TWA jet.

Four Americans, presumably those in the hands of the extremist Hezbollah, "which delayed implementation of the agreement to release the hostages, were said to have been thrown into a prison.

One of the men described being kept in slum-like apartments plagued by rats and cockroaches.

In Washington, the Reagan Administration appeared to be ruling out any large-scale military retaliation for the hostage-taking but despite President Reagan's pledge on Sunday to "fight back" against terrorists in Lebanon and elsewhere.

U.S. officials said the emphasis would be on redoubled efforts to pre-empt such attacks in future, by force if necessary, and organise a concerted international campaign against terrorism in general.

Nevertheless, Mr Robert McFarlane, Mr Reagan's National Security Adviser, seemed to suggest that a strike against terrorist bases *could not be excluded. Asked in a* television interview if it was possible to "surgically retaliate" and whether the U.S. must do so to maintain its credibility, Mr McFarlane replied: "Well, I think that is true."

Vice-President George Bush, speaking on American television from Paris, said that "this whole question of retaliation" needed to be discussed by the new American task force on international terrorism that he is to chair. He said he was reluctant to elaborate while seven Americans and four French hostages were still being held in Lebanon.

Nora Boustany reports from Beirut: Druze and Shia gunmen battled for five hours yesterday with rocket-propelled grenades, mortars and machine guns in the streets of West Beirut.

Madrid bombings, Page 2; Editorial comment; why the story *is far from over, Page 20*

New bid to speed up EEC decisions

By Quentin Peel in Brussels

A NEW EFFORT to reach agreement on immediate measures to streamline decision-making in the EEC is to be made by Community foreign ministers, after the failure of their heads of government to resolve the issue at their summit in Milan.

The 10 meet later this month under the chairmanship of M Jacques Poos, the Luxembourg Foreign Minister, when they will also have to try to finalise a mandate for the proposed inter-governmental conference to amend the Treaty of Rome.

A five-part plan for immediate *decisions that would not have to be* left to the full conference is expected to be put to the foreign ministers. It would include:

- Changing the internal voting rules of the Council of Ministers to increase the use of majority voting where it is provided for in the Treaty;
- An agreement by the member-states to abstain rather than insist upon unanimity on other questions;
- Making the use of the so-called Luxembourg compromise, which allows a member-state to block a majority decision because of a "vital national interest," more difficult;
- Measures to increase the management powers of the European Commission;
- Ways of increasing the involvement of the European Parliament in decision-making, particularly on questions about removing barriers to the internal market, and harmonisation of national laws.

The first three measures of voting were part of the British proposals put to the Milan summit as an alternative to calling a full-scale conference to amend the Rome Treaty. They were blocked as a result of the confrontation between Mr Andreas Papandreou, the Greek Prime Minister, and Sig Bettino Craxi, the Italian Prime Minister, after the EEC leaders split 7-3 over the conference decision.

The heads of government were close to an agreement on the voting measures, although both Italy and Belgium wanted to leave them for the full conference to decide. When Mr Papandreou demanded a unanimous decision, Sig Craxi simply dropped them from his final conclusions.

The difficulty over majority voting is that the Council of Ministers – the ultimate decision-making body in the EEC – has become accustomed to trying to achieve a consensus without voting. The proposal put to the summit would ensure that a vote was taken either at the initiative of the Council president, or if a majority of members asked for it, or if the Commission did so. Britain wanted to omit the reference to the Commission.

On the use of abstention, the only controversial point concerned a proposal to allow the state that abstained to be exempted temporarily from implementing the decision concerned – a proposal put forward by Bonn, but not in the British plan, which would allow member-states to move at a different speed.

As for the use of the Luxembourg *formula* on national interest, that would have to be justified in the full foreign ministers' council or at a summit, and not simply by the departmental minister concerned, if the proposal is adopted.

UK disappointment over EEC summit, Page 7

THE LEX COLUMN

When the chips are down

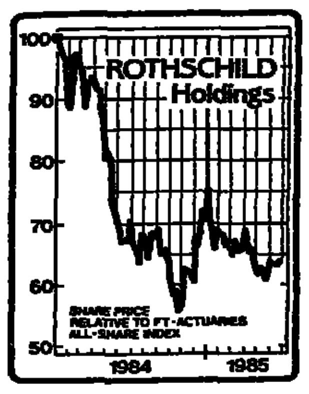
The sudden departure of a recently installed chairman happens only rarely in large companies, but it has been clear for some while that Mr Peter Laister might come under pressure to depart from Thorn EMI. After the destruction of the share price through a series of ambitious but unconvincing strategic moves – the City has no more taken to the idea of Thorn as a microchip manufacturer than it liked the thought of Thorn with wings – Mr Laister was just about to report a sharp decline in profits.

With or without institutional pressure, that is not the sort of fate that a formidable body of non-executive directors should allow their *shareholders to suffer for long. As* the man personally identified with the project of acquiring BAe, and who actually bought Inmos at the top of the semiconductor cycle, Mr Laister was probably due for sacrificial treatment. It cannot have helped his chances of survival that, once bought, Inmos turned out to have serious quality problems buried *in its static memory products.*

Mr Laister was presumable the more certain to suffer because things had also gone positively wrong in parts of the established *Thorn EMI business. The* production inflexibility and high overhead costs that afflicted the Ferguson video and television business suggest that Thorn's management was prone to make structural mistakes; that it could lose sight of current detail was shown by its inability to ride the trend to smaller screens.

Sir Graham Wilkins's new regime will no doubt paint as bleak a picture in this Friday's figures as it can, the better to start afresh. In any event, write-offs in Inmos and in Ferguson are not likely to prove the end of the story; Thorn will remain a high-risk invetment, its continued independence uncertain. And it would be strange if Thorn's were the only management in the sector to feel the ground shifting beneath it.

J. Rothschild



J. Rothschild's profits are whatever the reader chooses to make them. In the 15 months to March, the group made £70.1m before tax, £82.4m after tax and realised investment holding gains and £119.3m after everything. Confounded by this multiplicity of numbers, the market added 4p to the share price which, at 100p, trades in *line with the investment trust* sector average at a 20 per cent discount to net asset value.

That may look safe but it is probably wrong. By no stretch of the imagination is J. Rothschild a middle of the road investment trust. Arguably, it should be rated at a discount to that sector since it has surrendered the tax privileges of the investment trust industry.

Yet, while some of last year's profits looked almost happenstance at the time, J. Rothschild has made a remarkable amount of money for its shareholders in 15 months. To clock up extraordinary profits of £61.4m after writing £38.3m off one disastrous investment is a considerable accomplishment.

J. Rothschild evokes a mixture of bafflement and suspicion from many of its shareholders and, so long as it keeps its principal listing in London, that sentiment may be hard to change. A management buy-out looks out of the question at present but the group might study a few other options. Registration outside the UK would solve one or two of the tax worries, while a New York listing would provide the company with a more sympathetic audience.

Hedging

Given the dramas of the stock market over the last month, one might have thought that institutions would have turned to the options or futures markets to hedge their equity portfolios. After all, a fund manager's skill is primarily in stock-picking rather than calling the market, so it seems a shame to see gains from well chosen shares wiped out by poor market sentiment.

It is hard to tell from volume figures whether the institutions have been in the markets – more contracts than usual were traded last week, but that could have been because Friday was the expiry date for the June contracts. The price of the FT-SE index future, however, suggests that there has been hardly any selling during June. While it used to trade at a discount to the cash market, it has moved to a premium in the last fortnight, suggesting that people are buying it in the hope that the market will bounce back, rather than selling to protect their portfolios against a fall in the index.

The most common excuse for not hedging is that neither market is liquid enough to deal in size. While this may be true, half a hedge must be better than no hedge at all. And the more institutions use the markets, the greater will be their liquidity.

S & N

Having fallen much more slowly than the market, or even Bass, in the last month, Scottish & Newcastle shares failed to respond to the return of a dash of confidence yesterday. After the recovery to a growth in profits of 30 per cent or more between 1982 and 1984, the respectable 18 per cent rise to £85m in the year to last April only pushed the shares up 2p to 138½p.

In a year where it would be hard not to make money out of prime hotel property, the doubled contribution from the hotels division was already discounted; and the scale of recovery in the beer division since 1982, primarily through careful attention to cost, suggests that the best growth is over.

The bid for Matthew Brown has underlined S & N's reputation as a brewer with too few pubs and excessive exposure outside its home base to a declining free trade. Whatever the outcome of the bid referral – and S & N is scarcely promising success – the brewing division can surely squeeze a little more out of cost-cutting, most notably after the Holyrood brewery closure next year. S & N is greedily eyeing the Guinness/Bells battle for any hotel pickings; but it would be more questionable if S & N, emboldened by the success of its EMI hotels, bought at the top of the market to provide the growth from acquisition that eludes the group in beer.

London's City staff get 'team briefing'

By Brian Groom

THE CITY of London is, belatedly, joining the trend towards greater employee involvement that has become fashionable in British industry over the past five years.

The London-based Industrial Society, which specialises in the field, reports a surge of interest in the City.

Hongkong and Shanghai Banking Corporation, Grindlays Bank and the Corporation of Lloyd's are the latest of 25 banks, insurance companies and other institutions to have adopted "team briefing", the society's system of imparting information to employees in small groups from the top to bottom of an organisation.

Wedd Durlacher, the stockjobber, earlier this year became the first London Stock Exchange company to install team briefing. Recently, 140 chief executives and senior partners from the finance industry attended a seminar to hear of the range of the Industrial Society's activities.

The mergers and changes resulting from the City revolution are among the main catalysts for the surge of interest. "People are realising they have got to have some machinery for telling their staff what is going on," said Mr Andrew Marx, leader of the society's City Campaign.

He added: "People at the top see a merger as expanding their horizons. The guy at the bottom worries about losing his job. Rumours fly about – unless you have a mechanism for telling people what the decisions are."

The society also trains supervisors and front-line managers in how to get the best out of employees. It encourages refresher training for middle managers, the setting of performance targets for individuals and urges senior managers to walk about the premises and talk to staff.

The society now has 100 banks and a similar number of insurance companies in membership. The Big Four clearing banks are active in its affairs, but have not yet introduced team briefing. The society admits there is still some way to go. "There are people around who feel that knowledge is power and they won't pass it on," Mr Marx said.

The society is now setting its sights on firms of solicitors, particularly expanding ones. It says larger firms often need a day-to-day manager, an executive committee and clearer lines of management accountability.

Scargill pledged to renew fight against British pit closures

BY JOHN LLOYD, LABOUR EDITOR, IN SHEFFIELD

MR ARTHUR SCARGILL, the British miners' leader, yesterday aligned his union to further industrial action against pit closures and presented any future Labour government with a long and costly list of pledges to redeem.

A year-long strike, called chiefly to oppose the *National Coal Board's* pit closure policy, ended only in March this year. It was one of the most bitter conflicts in UK industrial relations history.

In a speech yesterday to the annual meeting of the National Union of Mineworkers (NUM), Mr Scargill drew a respectful but not ecstatic reception when he presented delegates with a *list of demands* to be honoured by Labour. They included:

- Release and reinstatement in work of all miners imprisoned for offences during the coal strike.
- Dismissal of Mr Ian MacGregor, chairman of the NCB, and certain colliery managers for their conduct during and after the stoppage.
- Participation by the union in *running the NCB "by the people for* the people." Mr Scargill said the board had to be accountable to those who worked in the industry and the chairman should be the *nominee of coal unions.*

The rest of his speech, however, was four-square in his tradition of militancy. Castigating critics on the Left for deploring the lack of a ballot on the strike and the mass violent picketing that occurred, he said. "We are involved in a class war and any attempt to deny that flies in the face of reality. Confronted by our enemies' mobilisation, we are entitled, indeed obliged, to call upon our class for massive support. In any future industrial action by any union – including ours – this must be done.

"We must intensify the fight to save pits, jobs and communities knowing that in the present climate only industrial action involving other mining unions can stop a pit closure programme which, if allowed *to proceed, will slaughter our industry.*

"We must demand from the rest of the movement – in particular the leadership of the Labour Party and *the Trades Union Congress (TUC)* – a commitment in action to our fight for coal."

The NUM executive received overwhelming support from the conference for its conduct of the strike with only the Nottinghamshire delegation dissenting. Mr George Liddle, the area's vice-president, accused the executive of *failing to meet "the responsible expectations of this union."*

He insisted that to begin a strike over the closure announcement in March of last year of Cortonwood colliery in Yorkshire was a grave tactical mistake

Court releases funds, Page 6

Ruling may cost Exxon $2bn

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, faces a $2bn bill following the failure of an appeal against a U.S. Department of Energy ruling that it overcharged for oil from a Texas oilfield during a period when the U.S. oil industry faced strict price controls.

The Temporary Emergency Court of Appeals in Denver, yesterday upheld an earlier adverse decision against Exxon regarding crude oil produced from the Hawkins field in east Texas. The decision is a potentially serious blow for the giant oil company, which earned $5.5bn last year. Its shares fell sharply on Wall Street yesterday, and by 2.30 pm were trading at $52½, down $1¾.

The decision states that between 1975 and 1981 Exxon and other owners of the field received $895.5m in revenues to which they were not entitled under price control regulations. Exxon, which has a two-thirds stake in the field and was the operator, was held liable for the full amount.

In addition, interest is being charged at the rate of $470,000 a day on the sum owed and as a result Exxon is liable for $2bn. Exxon has insisted that if any amount is due to be paid it should be responsible for only its 67 per cent share of the field and not 100 per cent as the U.S. Department of Energy has argued.

The key issue in the case is whether much of the oil produced from the field in the mid-1970s was subject to price controls as "old" oil or could be defined as "new" oil which would be free from the price controls. The matter is complicated because Exxon and other oil companies were able to raise the output of the field substantially

The U.S. Energy Department said yesterday that the Temporary Emergency Court of Appeals had unanimously upheld the earlier Federal Court decision that Exxon had overcharged for the oil. The U.S. Department of Energy has been conducting a series of similar court cases against U.S. oil companies, but the current case is particularly significant because it is far larger than the others and could set a precedent for the 150 cases which still have to be fought between the companies and the U.S. Government.

Exxon said that it was "extremely disappointed" by the decision and said that it did not think that it was "proper for such an important suit to be decided without a trial."

Thorn EMI cuts profit forecast

Continued from Page 1

dynamic memory chips, which have suffered severe price declines, and switching production to other components, which it hopes will be more profitable. It will suffer from excess capacity while the change-over is made.

Ferguson's indirect labour force is to be cut by 490 at three UK plants. This is on top of 510 job losses out of Ferguson's total staff of 6,000, which are being achieved by natural wastage and voluntary redundancies.

Ferguson's television production facilities will be reorganised during the next year.

Sir Graham said Thorn EMI would also be reviewing Capitol, its U.S. record business, which has recently been in difficulties. The company had recently considered selling its lighting business but had decided not to, and no other major disposals were planned.

Mr Laister worked for BOC, the industrial gases group, shipper Ellerman Lines and Tolly Cobbold Breweries before becoming managing director of Thorn EMI in 1979. He was appointed chief executive in 1983.

Terms of compensation for his loss of office have yet to be agreed. He was on a three-year rolling service contract with Thorn EMI, where Sir Richard Cave, his predecessor as chairman, was paid £147,000 in the year to March 1984.

Caricom pledge on future despite rows

By Canute James in Bridgetown

THE political leaders of the Caribbean Economic Community (Caricom) yesterday promised efforts to keep alive the organisation, which has been threatened by rows over trade for the past three years.

At the start of a four-day summit *in Barbados, the leaders of the 13-*nation community admitted their failure to implement measures agreed a year ago to improve trade. The measures include dismantling protectionism

The failure of the organisation to implement the agreements led to an 11.9 per cent fall in the volume of intra-Community commerce last year. According to the Community secretariat, the overall value of trade for the year fell to $432.5m. The value of Community trade peaked in 1981 at $577m and has been falling ever since.

The Caribbean region faces the danger of the collapse of efforts at economic integration, Mr Bernard St John, Prime Minister of Barbados and chairman of the conference, told the opening session. "The community has been hit by a wave of protectionism. The success of the Community is the region's last hope."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	26	79	Malaga	S	26	79	Salzburg	C	15	59
Akrotiri	S	29	84	Faro	S	25	77	Malta	F	27	81	Seoul	S	25	77
Algiers	S	29	84	Florence	–	–	–	Manila	–	–	–	Singapore	F	31	88
Amsterdam	F	19	66	Frankfurt	F	22	72	Miami	C	31	88	Stockholm	C	19	66
Athens	S	30	86	Funchal	S	24	75	Milan	–	–	–	Strasbourg	F	25	77
Bahrain	S	39	102	Geneva	F	25	77	Moscow	C	19	66	Sydney	S	18	64
Bangkok	C	31	88	Gibraltar	S	23	73	Munich	F	19	66	Taipei	R	29	84
Barcelona	S	25	77	Guernsey	C	16	61	Nairobi	–	–	–	Tangier	S	23	73
Beirut	S	31	88	Helsinki	C	14	57	Naples	–	–	–	Tehran	–	–	–
Belgrade	S	28	82	H Kong	C	28	82	New Delhi	C	35	95	Tel Aviv	S	27	81
Berlin	C	16	61	Innsbruck	F	20	68	New York	R	26	79	Tenerife	–	–	–
Biarritz	S	24	75	Inverness	C	16	61	Nice	S	24	75	Tokyo	F	30	86
Blackpool	F	15	59	Istanbul	S	26	79	Oporto	F	20	68	Toronto	C	24	75
Bordeaux	S	27	81	Jersey	S	17	63	Oslo	F	16	61	Tunis	S	30	86
Brussels	S	22	72	Jo'burg	S	16	61	Paris	F	23	73	Valencia	S	30	86
Budapest	–	–	–	Las Palmas	S	24	75	Prague	T	21	70	Venice	–	–	–
B. Aires	C	14	57	Lima	C	19	66	Reykjavik	R	11	52	Vienna	F	21	70
Cairo	S	35	95	Lisbon	S	24	75	Rio de J'o	C	30	86	Warsaw	F	18	64
Cape Town	S	26	79	Locarno	S	26	79	Rome	S	28	82	Zurich	F	22	72
Caracas	C	27	81	London	F	21	70								
Casablanca	S	23	73	Los Angeles	S	38	100								
Copenhagen	C	16	61	Luxembourg	–	–	–								
Corfu	S	29	84	Madrid	S	31	88								
Dublin	C	18	64	Majorca	S	29	84								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Romanov dropped

Continued from Page 1

sised that the pace of change must be fast if ordinary Soviet citizens are not to dismiss the reforms as empty rhetoric.

Mr Gorbachev will probably move now to radically alter the composition of the Central Committee before its next Congress in February 1986. Most members of the Committee are there by virtue of holding senior government jobs. Officials expected to lose their jobs incude Mr Nikolai Tikhonov, 80, the Prime Minister, as well as at least four other ministers. Mr Gorbachev is likely to be made President although it is just possible he might nominate his close supporter Mr Andrei Gromyko, the Foreign Minister, to the post.

Mikhail Sergeevich Gorbachev

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday July 2 1985

Takeover bids upset U.S. health care industry

BY WILLIAM HALL IN NEW YORK

THE BATTLE lines are forming in the $400bn U.S. health care industry as the fight for control of American Hospital Supply, the second biggest U.S. medical products supplier comes to a head over the next fortnight.

Back in March when American Hospital Supply (AHS), a well run company which has shown unbroken earnings growth for more than three decades, announced that it planned to merge with Hospital Corporation of America (HCA), the biggest "for-profit" hospital group in the U.S., few people on Wall Street expected that the $6.6bn stock swap would lead to a bitter takeover fight that would eventually involve three of the best run companies in the industry.

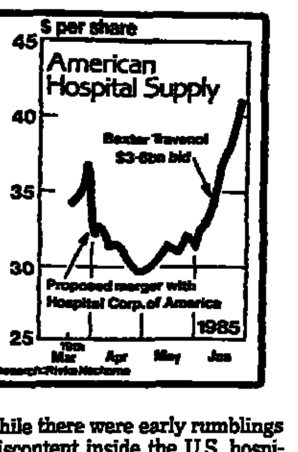
American Hospital, whose rapid earnings growth is threatened by the sweeping changes and cutbacks now occurring in U.S. health care spending, is widely believed to have been the prime mover behind the planned merger. It is smaller than HCA and its shareholders will only control 39 per cent of the merged company's 145m shares.

But Mr Karl Bays, its 51-year old chief executive, saw a captive outlet in HCA's 420 hospitals for many of the 130,000 health care products it manufactures and distributes. Increased focus on cost effectiveness within the U.S. health care industry and slower growth in sales to hospitals "made such a move both timely and essential," says Mr Bays.

He is convinced that the two companies together should grow more rapidly than American could do on its own, and quotes analysts' projections that the combined growth rate of the new company should be "in excess of 15 per cent a year."

For its part, Hospital Corporation was attracted by American Hospital's strong balance sheet which should help finance its own rapid growth. Since it was founded in 1968 the Nashville-based hospital chain has grown into a $4.1bn a year company with annual earnings of close to $300m. Wall Street has been impressed with its impeccable earnings record and has accorded it a glamour rating notwithstanding the recent setback in the U.S. health care industry where a third of all hospital beds are now empty and hospitals and doctors are being forced to advertise for business.

Kuron, the proposed name of the combined American Hospital Supply/Hospital Corporation, would be the largest fully integrated health care corporation in the world with sales of over $7bn and a workforce of 110,000.



While there were early rumblings of discontent inside the U.S. hospital industry about the prospect of their largest competitor taking control of one of their biggest suppliers, the first real sign of trouble was American Hospital Supply's share price which fell by $⅛ to $29½ in the month after the merger announcement.

However, the discontent did not seem likely to upset the merger until late last month, when Baxter Travenol, a U.S. medical products company, emerged with a $3.6bn bid for American Hospital – a company twice its size.

Initially, both sides were very gentlemanly. Mr Vernon Loucks, Baxter Travenol's chief executive, stressed that he was not interested in proceeding with his $50 a share offer if American Hospital's board opposed it. However, one week later, after his bid had been rejected, he changed his mind and returned with a "strengthened" $50 per share offer, half in cash and half in paper.

American Hospital has described Baxter Travenol's hostile bid as "a last ditch effort" to disrupt its planned merger and Mr Bays says he takes a "dim view" of Baxter's own prospects. Several Wall Street analysts, who have watched Baxter's attempts to diversify rapidly following last year's slump in its earnings, concur with American Hospital's view.

But despite the brave words many analysts on Wall Street believe that American Hospital now faces its own "last ditch effort" to salvage the proposed merger with Hospital Corporation of America.

Baxter Travenol is offering $50 a share against the $35 a share value put on American Hospital Supply shares at the time of the HCA merger announcement. Mr Albert Benezra of Alex Brown, a firm of Baltimore brokers, says that as a result of their fiduciary obligations the big institutions which control over half American Hospital's shares appear to have little choice but to favour the Baxter offer.

Mr Kenneth Abramowitz, of New York brokers Sanford Bernstein, is less certain and rates the chances of the planned HCA/AHS merger succeeding as "fifty/fifty." He says that there is a "battle for shareholders minds" going on in the run-up to next week's meeting where shareholders of the two companies will vote on the planned merger.

He sees the choice facing shareholders as between the long-term higher growth rate promised by the HCA merger and "more money but less growth" offered by Baxter. In the short term there are more immediate economies of scale to be had by merging Baxter and American Hospital supply, but Mr Abramowitz notes that the managements of HCA and AHS have always been friendly and would work well together.

American Hospital's share price has risen following the Baxter Travenol intervention and by last Friday was trading at $41. But Wall Street is waiting to see whether American Hospital and Hospital Corporation of America have the will to escalate the fight and bring into play their powerful defensive weapons. Under the proposed merger HCA has the right to buy a 35 per cent stake in American Hospital Supply if a hostile bidder arrives on the scene.

Wall Street is now waiting to see whether Hospital Corporation will trigger what Baxter's lawyers have described as an "illegal lockout agreement." Meanwhile, Baxter has threatened to exclude the HCA stake in AHS if it wins control and HCA says that it will legally contest any such move.

American Hospital Supply has stressed repeatedly that if its planned merger with Hospital Corporation of America is voted down, as seems increasingly likely unless the terms are changed, that it will remain independent. "American is not for sale," says Mr Bays. Wall Street is not so sure and there is increasing talk of a "white knight" appearing on the stage to rescue American Hospital.

The problem is that a year ago the company would have looked a bargain. But now that its earnings are under pressure it would be a brave company which is willing to spend upwards of $3.6bn for a foothold in an industry which by all accounts is shrinking.

Rush to snap up Springer flotation

By John Davies in Frankfurt

WEST GERMAN and foreign investors have rushed to buy shares in the Axel Springer newspaper group in a DM 550m ($182m) private placement.

The share offer, which opened on Friday, was closed yesterday after being heavily oversubscribed.

The placement is the biggest since the sale of shares in the Nixdorf computer company in a DM 547m operation a year ago.

Investors are being offered 49 per cent of the shares in the Springer group, whose publications include the conservative newspaper Die Welt and the mass-circulation newspaper Bild.

Herr Axel Springer, the group's 73-year-old founder, is retaining a 26.1 per cent stake, while the Burda publishing house is keeping the 24.9 per cent stake which it has held for the past 2½ years.

The operation is designed to ensure that the newspaper group and its somewhat strident anti-totalitarian ideals survive its founder. The shares, being offered at DM 335, are so-called "named stock": buyers, whose identity is to be known to the company, will not be able to sell again without the company's permission.

Deutsche Bank, which has organised the operation, said there was strong interest from private individuals and institutional investors in West Germany and abroad. It declined to indicate how the shares would be allocated.

The shares are expected to be launched on the West German stock exchanges in autumn this year.

SWISS BANK LOOKS ABROAD FOR FUTURE GROWTH

UBS plays to its strengths

BY WILLIAM DULLFORCE IN GENEVA

UNION Bank of Switzerland, the biggest of the country's banks, is in no doubt that the bulk of its future growth will come from foreign financial centres. Its executive board has already shaped a muscular, not to say aggressive approach towards New York, London, Frankfurt and Tokyo.

"We aim at playing traditional Swiss roles in these centres," says Dr Nikolaus Senn, president of the board. That means concentrating on wholesale banking. UBS does not intend to go in for retail banking "like the Americans" or for small, private customer transactions.

Instead it intends to play to its particular strengths. Dr Senn spells them out:

- Knowledge of the capital market business;
- Capacity for providing commercial credits to medium-sized and big international companies;
- Skill in counselling both financial institutions and private investors;
- A good position in foreign exchange business;
- The financial muscle afforded by a high level of capitalisation.

When pressed, Dr Senn, who is a very competitive champion for his bank, can think of only one weakness UBS may take with it in its foreign campaign: a shortage of qualified staff could be a handicap.

The staffing problem and the relative smallness of the Swiss franc as an international currency will limit Switzerland's role as a financial centre. Dr Senn points out. This is one of three factors dictating expansion abroad for UBS.

Another is the turnover tax on securities trading which inhibits institutional investors from doing business with Swiss banks in Switzerland. Further, the 35 per cent withholding tax levied on Swiss shares and bonds limits the extent to which they can be used as international investment instruments.

The third factor is the liberalising of world banking, with deregulation in the U.S. Japan and West Germany and the restructuring of the City of London. This development promises both new opportunities and a tougher operating climate for the big Swiss banks.

UBS' determination to assert its presence abroad is tempered by the usual conservative Swiss attitude. Elaborating on the emphasis on wholesale banking, for instance, Mr Robert Favarger, executive vice-president, explained that "in principle" the bank does not engage in financing operations abroad involving property, consumer goods and leasing.

It is cautious about the "merger mania" in the U.S.; it avoids participation in unfriendly takeovers and leveraged buyouts; and it does not like "shark-repellent" loans without clearly stipulated conditions, he said.

UBS was not willing to make concessions at the expense of the quality of its assets in order to promote its expansion. Nor did it plan to underbid prevailing market prices: it would align its pricing to that of the market leaders, Mr Favarger said.

Its caution in international underwriting explains why UBS' position on the Euromarkets is not as strong as its standing in foreign Swiss franc operations and does not reflect the importance and strength of the bank, according to Mr Ulich Grete, senior vice-president.

To overcome the handicap of the domestic turnover tax, UBS has already expanded its selling organisation abroad in recent years. Mr Grete claimed that the bank today is ahead of its two leading Swiss rivals, but he recognised that the American investment banks and some British and Japanese financial institutions were stronger.

UBS is, however, the Swiss leader in securities business and Mr Grete said data received from foreign brokers suggested it is also among the world's leading securities traders.

UNION Bank of Switzerland's earnings during the first five months were "very gratifying," according to Dr Nikolaus Senn, president of the executive board. He expected the result for 1985 to be even better than last year's net income of SwFr 583m ($229m), unless circumstances should change unexpectedly for the worse in the second half.

In the first quarter of this year the bank's balance sheet total rose by SwFr 5.1bn to SwFr 136.2bn, with SwFr 2.9bn of the gain being attributable to the higher dollar exchange rate.

The bank had experienced a higher volume of lending, with almost unchanged margins so far this year, Dr Senn said. Income from securities business has registered further growth from active trading on the stock exchange.

UBS (Securities), the London subsidiary, was top lead manager for Eurobond issues for corporate borrowers in the first quarter, according to Mr Ulich Grete, senior vice-president.

The bank's strong position in this business is reflected in the substantial balances in customers' safe custody accounts, which, Dr Senn said, clearly exceeded the balance sheet volume.

Fiduciary investments totalling some SwFr 40bn ($15.7bn) were placed through UBS at the end of 1984.

The bank's capital resources are without doubt one of the strongest cards it has to play in the international game. Shareholders' equity is now well over SwFr 7bn and a further SwFr 674m in subordinated debenture issues were outstanding at the end of last year. As Dr Senn pointed out, the high capital ratio of 5.1 per cent of total assets does not include the undisclosed reserves.

The current thrust of UBS' operations is through London, New York and Tokyo and it plans to extend its position in West Germany.

The purchase last November of 29.9 per cent stake in Phillips & Drew, the London stockbrokers, and the announcement that UBS will acquire the remaining shares when UK stock exchange restrictions are relaxed, have been the most dramatic recent moves by the Swiss bank.

Among the advantages UBS expects to cull from its acquisition are the opening to market-making in London and, through membership of the stock exchange, access to its future technical systems. It also values highly the ability to trade in British Treasury bonds

The purchase will provide UBS with new investment customers, mostly British and international institutions.

Last year, too, there was a considerable expansion in the range of business conducted by the bank's London subsidiary, UBS (Securities), which operates on the Euromarket as underwriter and broker and celebrates its 10th anniversary this year. The number of staff employed by the London unit increased from 72 to 110 last year.

A comparable expansion – from 50 to 68 – took place at UBS' New York subsidiary, where operations focus on advising North American customers on foreign capital markets and placing securities with U.S. institutional investors.

UBS is one of two Swiss banks recently granted permission to start trust banking business in Japan. It will use this opening mainly to place securities with pension funds and other Japanese institutions.

Mr Grete saw possibilities for expanding corporate financial services in Japan. Local investment bankers, he claimed, were not very internationally-minded and the security houses could not meet all domestic requirements.

UBS' first move towards internationalising its capital structure will be made in West Germany, where the bank aims to have its bearer shares and participation certificates listed on the Frankfurt exchange.

Sales recovery for BMW

By Our Frankfurt Correspondent

BMW, the West German prestige car and motorcycle maker, is rapidly regaining ground in its home market after a sharp setback earlier this year.

The company is thought to have achieved about 80,000 new registrations in the first half of this year, compared with 89,506 in the same period last year.

Dr Eberhard von Koerber, the marketing chief, said that BMW's sales had already returned to normal and there would be more evidence of this as the year progressed.

He said that car production was continuing to run at full capacity and was expected to reach a record level of 450,000 this year.

BMW was one of the worst hit by the disruption to the West German car market late last year and early this year during widespread confusion about proposed new government emission controls. Many motorists have delayed buying a new car or have been showing unusually keen interest in used cars.

During the first four months of this year BMW's new registrations totalled only 47,305, compared with 66,525 a year earlier. But registrations during May exceeded those a year earlier and the company says the gap has continued to narrow.

Dr von Koerber said that BMW was aiming to strengthen its dealer network in West Germany. The company has its sights set on gaining a good 8 per cent of the domestic car market, compared with between 6 and 7 per cent now.

He welcomed the compromise reached last week by European Community environment ministers on new emission controls. He predicted that motorists would soon find a wide European network of service stations selling lead-free petrol, required by cars equipped with catalytic converters to reduce emissions.

Dr von Koerber said BMW saw no need to overhaul its car model strategy. He also voiced scepticism about any idea of co-operation with other manufacturers.

He indicated that BMW was sticking to its speciality of vehicle making

Dr von Koerber said BMW was pressing ahead with plans for a new car factory at Regensburg and expansion of engine production in Austria.

BMW produced 431,995 cars last year after making up some of the production lost during the seven week stoppage in May and June during the conflict over shorter working hours in the West German metal industries.

Despite the labour troubles, BMW increased its net profit in 1984 to DM 329.6m ($109m) from DM 288m the previous year. It lifted its dividend on last year's results to DM 12.50 a share from a combination of DM 11 plus a DM 1 bonus on the 1983 results.

EUROBONDS

New issues meet resistance

BY MAGGIE URRY IN LONDON

THE EURODOLLAR bond market rally continued yesterday, but the new issues that appeared in its wake did not fire the imagination of investors.

While the secondary market saw gains of up to a point or more in places, which dealers said reflected marking up rather than heavy buying, the deals brought to market were not enthusiastically received.

Citicorp, a regular borrower in the Eurobond market, launched a $200m issue led by Morgan Stanley. The 10-year bonds pay a 10⅝ per cent coupon and were priced at par. With total fees of 2 per cent, the all-in cost of borrowing to Citicorp is around 50 basis points higher than the yield on U.S. Treasury paper – a spread considered too narrow by traders.

Investors were also put off by the call feature allowing Citicorp to redeem the issue at par after five years, a feature often seen in Citicorp issues. The issue traded around the total fees, although some dealers noted that bonds were offered at a greater discount during the afternoon.

Associates Corporation of North America, a major U.S. finance company, fared slightly better with a $100m issue. This has a seven-year life and a 10½ per cent coupon with a par issue price. It is also callable after five years, but at 101. Kidder Peabody is the book runner with five major houses as co-leads. With commissions totalling 1⅞ per cent, the cost to Associates Corp is around 55 basis points above similarly dated U.S. Treasury securities.

BHF Bank bond average		
July 1		Previous
103.219		103.131
High	1985	Low
103.219		99.840

The issue was bid at a discount equal to the total fees.

Another tightly priced deal, thought to be swap-related, was launched by Westdeutsche Landesbank Finance NV, and led by West LB. The $100m deal has a seven-year maturity and a 10¼ per cent coupon with a par issue price. The bonds were trading at a discount around the 1⅞ per cent commissions.

Only one floating rate note issue appeared – a $150m deal for Banco di Napoli. To the relief of some investors this has a conventional structure with none of the recent fashions for rate-capping. The issue matures in 12 years time and pays a margin of ⅛ per cent above the offered rate for six month deposits in the London interbank market. Morgan Stanley led the issue with Bank of Tokyo and Salomon Brothers as co-leads.

Fees totalled 39 basis points, and with traders regarding the terms as tight, the bonds were bid at a discount equal to these commissions.

In the D-Mark Eurobond market, Deutsche Bank launched the first dual-currency issue for Export Development Corporation of Canada. This raises DM 150m and will be repaid in U.S. dollars at a fixed exchange rate of 2.7272, giving a redemption amount of $55m. The eight-year issue pays a 7¼ per cent coupon and has a par issue price.

The deal was launched too late to trade widely, although some sales were reported around the 1½ per cent selling concession.

D-Mark bonds livened up a little yesterday with gains of ⅛ to ¼ point. Turnover improved, encouraged by the rally in New York and the weaker dollar.

The Swiss franc foreign bond market was less active with prices little changed. The Pan Am dual currency convertible issue started trading yesterday at a level of 98½, which translates into a Swiss franc price of par.

Soditic launched a dual-currency public issue for First City Financial Corporation, the Canadian group controlled by the Belzberg family. The SwFr 125m issue has a 10-year life and pays a 7¾ per cent coupon in Swiss francs. Repayment is indicated at U.S. $2,750 for each SwFr 5,000 bond.

In the European currency unit market Credit Commercial de France led an issue for itself, raising Ecu 85m. The 10-year issue was well received and traded around its 1¼ per cent selling concession. The coupon was set at 9¼ per cent and the issue price is likely to be in the 99½ to 100 range.

The Euro-Australian dollar bond market is still meeting good retail demand

Fine terms on ICI Euronote loan

BY ALEXANDER NICOLL IN LONDON

IMPERIAL Chemical Industries has obtained what is believed to be the finest interest rate seen so far for a corporate borrower in making the first drawing under its $400m Euronote facility.

The facility, led by Citicorp, was arranged in March, and included an option to issue medium-term sterling paper just one day after this was permitted by the British budget.

The first use of the loan was, however, in dollars. ICI sought bids for $60m of one-month notes, but accepted only $25m of the bids submitted by participating banks.

The yields on the paper to be issued averaged 7.56 per cent and ranged from 7.49 to 7.59. The rates compare with bid rates on one-month interbank desposits in London (Libid) of 7.625 per cent at the time the drawing was arranged.

Other Euronote issuers, such as Sweden, have obtained rates below Libid, but ICI's margin below Liibid is believed to be the largest yet for a corporate borrower.

INTERNATIONAL COMPANIES and FINANCE

Canadian asbestos producers to pool resources

BY BERNARD SIMON IN TORONTO

CANADA'S major asbestos mines are to study the feasibility of pooling operations to improve their financial position and their competitiveness on world markets.

The operations consist of seven mines and six mills in the Thetford area of Quebec with a total workforce of about 2,200 people. Participants in the proposed partnership are the Quebec government-owned Asbestos Corporation and Bell Asbestos Mines, Lac d'Amiante, a subsidiary of the U.S. metals group, Asarco, and Campbell Resources of Toronto.

Some of the mines are currently operating at only 50 per cent of capacity, and all have suffered a severe decline in earnings as a result of the slump in international demand for asbestos.

Asbestos Corporation recorded a C$6m (U.S.$4.4m) loss in the first three months of 1985. Its sales were almost one third lower than the same period last year.

Mr Jacques Paquin, chairman of the provincial agency which controls Asbestos Corporation and Bell Asbestos, said that "it would be advantageous to concentrate production at the most efficient mines and mills."

The terms of the partnership are expected to be finalised within the next two months. The board of directors, with members from all four participants, is expected to direct and co-ordinate overall operations.

Italian banks to issue Ecu travellers cheques

BY JAMES BUXTON IN ROME

THE FIRST travellers cheques to be denominated in European currency units will go on sale in Italy in the next few weeks. A consortium of leading banks is introducing into Italy the Ecu travellers cheque developed by Société du Cheque de Voyage en Ecu (SCVE), owned jointly by the major French banks.

Most Italian travellers using travellers cheques have them denominated in dollars and then convert them into the currency of the country they are visiting. The same principle will apply to the Ecu travellers cheques, but there will be the advantage of the greater stability of the Ecu, which is a weighted average of the European currencies.

SCVE, which is owned jointly by Banque Nationale de Paris, Crédit Lyonnais, Crédit Agricole and Crédit Commercial de France, is offering cheques for Ecu 50, about $35, under an arrangement involving American Express. They went on sale in France recently.

SCVE has an arrangement with American Express Travel Related Services company, which will distribute the cheques to the banks selling them. The name American Express appears in small letters on the cheque, under the name Société du Cheque de Voyage en Ecu. In the case of losses or theft American Express will handle refunds to holders of cheques who cannot contact the banks from which they bought them.

The promoters of the Ecu travellers cheque expect it to be cashable in banks and leading hotels in Europe. They hope to extend its acceptability throughout the world.

Shell Greece warning against price controls

BY ANDRIANA IERODIACONOU IN ATHENS

SHELL HELLAS, the oil multinational subsidiary in Greece, has warned that the "quality of services" may deteriorate unless the existing system of state price controls on the domestic petroleum market is rationalised or abolished.

The Greek domestic oil market is almost exclusively controlled by the state, which imports crude, allocates refinery quotas for distributor companies and maintains compulsory reserve stocks as well as setting the ex-refinery and consumer price per product.

Under Greece's accession treaty to the EEC, the state monopoly must be abolished by January 1986. But the Government is not obliged to dismantle price controls.

Mr Zygmunt Tyszkiewicz, Shell Hellas general manager, attributed a Dr 198m ($1.47m) loss shown by the company in 1984 to unscheduled changes imposed by the Government on transport costs, oil refinery credit deadlines and the system of payment of stamp duties on petroleum sales.

According to Mr Tyszkiewicz, these changes, together with a 23 per cent increase in labour and equipment costs, and a price freeze on lubricants in 1984, despite the rise in the U.S. dollar, more than cancelled out an approved 15 per cent company margin increase. Shell Hellas showed a net profit of Dr 159m in 1983.

The company says that, if the Government is to maintain price controls, it would like to see these set by a "computer formula" determined in advance in consultation with petroleum companies, whereby a change in any one aspect of the system would automatically feed through to the final pump price.

"What we need is to know the rules of the game, so that we can plan ahead," Mr Tyszkiewicz said.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 1.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅞	102⅜	+0⅝	+0¾	10.20
Amex Credit 12⅝ 88	150	106⅞	107⅜	+0¼	+0¾	9.93
Bank of Tokyo 13⅝ 91	100	113½	114	+0⅜	+1⅜	10.42
BP Capital 11⅛ 92	150	102¼	102¾	+0⅜	+1⅛	10.55
Caisse Nat Tele 13¾ 91	100	113¾	114¼	+0¼	+0⅞	10.47
Canada 11½ 90	500	105¾	106¼	+0½	+0¼	9.82
Canadian Pac 10¾ 93	100	102	102½	–	–	10.32
Canadian Pac 12½ 99	75	100⅝	101⅛	+0½	+1⅛	11.21
CBS Inc 11¾ 92	100	102⅜	102⅞	+0⅜	+0⅞	10.82
Chevron U.S.A. 12¼ 89	600	105⅛	105⅝	+0½	+1⅜	10.58
Citicorp 11½ 95	150	101¼	101¾	+0¾	+1⅜	11.24
Coca Cola 11¾ 91	100	106¾	107¼	+0¼	+0¼	10.16
Denmark Kingdom 11¼ 89	100	103⅝	104⅛	+1⅜	+1⅝	9.93
Denmark Kingdom 11½ 90	100	104	104½	+0⅜	+2¼	10.33
Denmark Kingdom 11⅞ 92	100	103⅝	104⅛	+0¼	+1⅝	10.84
Denmark Kingdom 13¼ 91	100	111¾	112¼	+0¾	+1½	10.59
Denmark Kingdom 14 91	100	110⅝	111⅛	+0¾	+1⅞	11.38
E.E.C. 11⅛ 90	100	103½	104	+0¾	+1¼	10.03
E.I.B. 12 95	200	107⅞	108⅜	+0⅞	+0⅝	10.61
E.I.B. 13 96	200	111¼	111¾	+0⅞	+2½	11.14
Export Dev Corp 12 89	100	106⅝	107⅛	+0⅝	+1¼	9.93
Ford Motor Cred 11⅞ 90	100	102¾	103¼	+0⅝	+0⅞	10.49
Ford Motor Cred 11⅝ 95	100	102¾	103¼	+0⅞	+1⅝	11.08
Ford Motor Cred 11¾ 92	100	103⅛	103⅝	+0⅜	–0¼	11.08
Ford Motor Cred 12 95	100	106	106½	+0⅞	+1⅛	10.89
Gen Elec Credit 10¼ 00	200	100¾	101¼	+0⅝	+1⅛	10.11
GMAC 10¼ 89	200	100¾	101¼	+0⅜	+1⅛	9.92
IBM Credit 10⅞ 2000	300	101¼	101¾	+0¾	+0⅞	10.16
Indust Bk Japan 12⅞ 89	100	109¼	109¾	+0½	+1⅝	9.99
Japan Air Lines 13⅜ 94	100	119⅛	119⅝	+2⅜	+2¼	10.02
Kellogg Company 10⅞ 90	100	102⅜	102⅞	+0⅝	+1¼	10.09
Kellogg Company 11¼ 92	100	104	104½	+1⅛	+1⅝	10.30
L.T.C.B. 12⅞ 91	100	109⅝	110⅛	+0⅜	+0⅞	10.62
Macy Cred Corp 11¾ 95	100	104⅜	104⅞	+0⅝	+0⅞	10.92
Mellon Bank 13 87	100	105⅞	106⅜	–0⅛	+0¼	9.68
Merrill Lynch 12¾ 89	100	105⅝	106⅛	+0¼	+0⅞	10.91
Minnesota 11½ 87	100	103⅝	104⅛	+0⅜	+0⅝	9.54
Mitsui Trust 11⅝ 90	100	103¼	103¾	+0¾	+0⅝	10.69
Morgan Guaranty 12⅝ 89	150	106⅝	107⅛	+0⅜	+0⅞	10.27
Nippon Cred Bk 13⅞ 89	100	111⅛	111⅝	+0½	+1⅛	10.28
Nth America 12⅞ 91	100	† 105⅝	106⅛	+0¾	+0½	11.48
Penney J.C. 12¾ 91	100	108¼	108¾	–0½	+0¼	10.78
Pru Realty secs 12⅛ 95	546	106⅝	107⅛	+0½	+0⅝	10.90
Quebec Hydro 11½ 92	100	105	105½	+0⅜	+0¼	10.42
Ralston Purina 11¾ 95	150	105¼	105¾	+0¾	+0⅞	10.80
Ralston Purina 12¾ 89	100	107⅞	108⅜	+0⅜	+0½	10.27
Royal Bk Can 12¾ 92 XW	100	102⅛	102⅞	+0⅛	–0¼	12.14
Saskatchewan 10 3/4 92	100	101½	102	+0⅝	+0⅞	10.35
Saskatchewan 11 7/8 89	100	106½	107	+0½	+1½	9.88
Statoil 13½ 89	100	111⅜	111⅞	+0¼	+1⅜	9.88
S Wales Trsy 11¾ 90	150	105½	106	+0½	+1⅝	10.17
Swed Exp Cred 10 92	100	97¾	98¼	+0⅞	+1	10.41
Swed Exp Cred 12¾ 89XW	100	107⅞	108⅜	+0¾	+0⅞	10.24
Sweden Kingdom 10⅞ 90	200	102½	103	+0½	+1⅞	10.12
Sweden Kingdom 11½ 89	200	105	105½	+0⅝	+1⅜	9.94
Sweden Kingdom 11¾ 94	100	106½	107	+0½	+1⅝	10.56
Texaco Capital 12⅞ 87	300	105⅞	106⅜	+0¾	+0¾	9.57
Tokai Asia 11½ 95	100	103⅞	104⅜	+0⅞	+2	10.79
Victorian Rep 11⅝ 92	150	104⅞	105⅜	+0½	+1½	10.52
World Bank 12¼ 94	150	110⅛	110⅝	+0⅞	+2	10.44
World Bank 12⅞ 94	200	113¼	113¾	+1⅜	+2¼	10.50

Average price change On day +0⅝ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	103⅞	104⅝	+0½	+0⅝	7.34
Austria,Republic 7⅝ 94	200	103⅜	104⅛	+0⅜	+0⅝	7.03
Baxter Travenol 7¼ 94	200	101⅛	101⅞	0	–0⅜	7.00
Credit National 8⅛ 94	200	104½	105	+0⅛	–0⅛	7.35
Degussa Int Fin 7½ 94	100	102¾	103½	–0⅝	–1⅛	6.99
E.E.C. 8 92	200	103⅞	104⅝	+0⅛	+0⅛	7.15
E.I.B. 7¼ 94	300	100¼	100¾	0	+0⅛	7.17
Escom 8 92	150	99	99¾	–0⅝	–1	8.11
Ferrovie Dello Stato 8 91	100	102⅞	103⅝	–0⅛	–0⅝	7.28
Finland Republic 7 92	200	98⅞	99⅝	0	–0⅛	7.14
Gould Int Fin 7⅝ 91	100	102⅞	103⅝	0	–0⅛	6.93
Ireland 8⅛ 92	150	102⅞	103⅝	+0¼	+0⅝	7.50
Japan Fin Corp 7⅝ 91	100	102¾	103¼	–0¼	–0¼	7.08
Mitsubishi Hvy 3½ 89WW	300	121⅛	122⅜	0	–1	–2.02
Mitsubishi Hvy 3½ 89XW	300	90⅜	91⅛	+0¼	+0⅜	6.34
Mitsubishi Met 3⅛ 89WW	100	100	101	0	–0¼	3.00
Mitsubishi Met 3⅛ 89XW	100	86¾	87½	0	0	6.53
Pepsico O/S Fin 7¼ 94	250	104	104½	–0⅛	+0⅜	6.58
Rente 7¾ 95	100	100¼	100¾	–0⅛	0	7.67
Renown 3⅛ 90	80	103⅞	104⅞	+0⅛	–0⅜	2.19
Reynolds O/S Fin 7⅞ 94	125	102½	103¼	0	–0¼	7.03
Societe Cent Nuclear 8 91	100	104⅜	105⅛	0	+0½	7.09
Sth African Tran 7⅝ 92	100	96⅜	97⅛	0	+0½	8.22
World Bank 7¾ 89	100	102	102¾	+0⅛	–0⅛	6.97
World Bank 8 94	200	105½	106¼	+0¼	+0½	7.06

Average price change On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	† 101¾	102	0	+0½	5.99
Avon Cap Corp 5⅝ 94	130	† 99	99¼	+0¼	+0½	5.49
Brit land Corp 6½ 99	75	† 102¾	103	–0⅜	–0¼	6.19
Council of Europe 6 92	120	† 101½	101¾	0	0	5.72
Creditanstalt 5½ 94	100	† 97	97¼	–0⅛	–1	5.90
Deutsche Bk Fin 5⅝ 95	100	† 101	101¼	0	+0¼	5.22
E.I.B. 5⅞ 94	120	† 100¾	101	–0⅜	–1¼	5.75
Export Dev Corp 5⅜ 92	125	† 100¼	100½	+0½	0	5.31
Gen Occidentale 4½ 94	80	† 102½	103	–0⅛	–0⅛	4.14
I C Industries 5⅝ 94	125	† 99¼	99½	–1	–0¾	5.71
Ind Fund Fin 5¾ 94	40	† 100¼	100½	+0½	+0½	5.69
Int–Am Dev Bk 6⅛ 94	120	† 100¾	101	–0¼	–0¼	5.99
N.Zealand steel 5¾ 96	70	† 98¾	99	0	0	5.88
Oberos Kftwk 5⅜ 95	100	† 98¾	99	+0½	+0½	5.52
Ralston Purina 5⅜ 94	125	† 100	100¼	+0¼	+0½	5.35
Santos Finance Ltd 6 94	130	† 98½	98¾	+0¼	+0¼	6.19
Tokyo Elec Pwr 5½ 93	120	† 99½	99¾	–0½	–0½	5.56
Tokyo Metropolis 5¾ 94	80	† 98½	99	–0⅛	+0⅜	5.42
World Bk 5¾ 94	150	† 100½	100¾	+0¼	–0¼	5.66

Average price change On day 0 on week –0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	30	100	100½	+0¼	+0½	5.98
BP Overzee 7 92	17	100⅜	100⅞	+0⅛	0	6.87
Finland Republic 6¾ 90	15	99⅜	99⅞	+0⅛	+0⅛	6.84
Mort Bk Denmark 7 92	10	99¾	100¼	–	–	7.00
World Bank 6⅝ 90	25	99⅜	99⅞	0	0	6.71

Average price change On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 13¼ 90 $A	40	102⅝	103⅛	0	–0½	12.35
Avco Fin 14 90 $A	35	101½	102½	+0¼	+1⅛	13.49
BT Aust. 13⅞ 92 $A	40	103⅛	104⅛	–0¼	–0¾	13.01
Westpac 13½ 88 $A	50	103⅛	104⅛	+0⅛	+1⅜	11.94
British Columbia 12 90 C$	125	† 103⅝	104⅛	+0⅛	+0⅞	10.89
Can Nat Rail 12½ 95 C$	100	† 105½	106	–0¼	+0¼	11.47
Chrysler Cred 12⅝ 92C$	60	† 103¼	103¾	–0⅛	+0½	11.84
Desjardins 12½ 90 C$	50	† 103	103½	0	+0¼	11.57
Genstar Fin 11¾ 95 C$	75	97⅜	97⅞	–	–	12.17
New Brunswick 11⅝ 95C$	75	† 100⅜	100⅞	–0¼	0	11.51
Shell Canada 11¼ 92 C$	75	101	101½	–	–	10.98
Nordic Inv Bk 16 90 N$	50	99¾	100¾	0	–0¾	15.87
NZ Forest 15¾ 92 N$	30	96	97½	–0¼	0	16.52
Woolworth 16¼ 91 N$	25	101¼	102¼	0	–0½	15.72
N.Z Govt. 9¼ 90 ECU	100	99¾	100½	+0¼	–0¾	9.21
N.Z Govt. 9½ 92 ECU	100	100	100¾	+0¼	–0½	9.42
Rabobank 9⅝ 95 ECU	75	103¼	104	+0⅛	–0⅝	9.04
Eurofima 7½ 92 FL	50	101¼	101¾	+0⅞	+0⅛	7.22
Philips Lamps 7½ 90 FL	100	101½	102	+0⅛	0	7.05
Rank Xerox 8 90 FL	100	103⅜	103⅞	+0⅜	+0⅜	7.08
Van Lanschot 7½ 90FL	50	101¼	101¾	+0⅜	+0⅜	7.13
World Bank 7½ 90 FL	150	101⅝	102⅛	+0⅜	+0¾	7.03
Gaz de France 11¼ 00FF	500	99¾	100¼	–0⅛	–0⅛	11.28
American Brands 12 95 £	40	104	104½	+0¼	+0⅜	11.23
Amer Express 11⅞ 92 £	30	103⅝	104⅛	+0⅜	+0⅜	10.52
Australia Comm 11 92 £	40	96⅜	96⅞	–0⅛	0	11.88
BP Capital 10¾ 92 £	50	98¼	98¾	+0½	+0⅜	11.04
E.I.B. 11⅛ 93 £	50	100½	101	+0¼	+0⅛	10.96
Inco 12¾ 93 £	50	103⅜	103⅞	+0⅜	+0¼	11.96
Mcdonalds 10⅞ 90 £	40	99⅛	99⅝	+0¼	+0¼	11.02
Norsk Hydro 11⅝ 91 £	50	101¾	102¼	0	–0⅛	11.10
Privatbanken 11⅞ 92 £	20	100½	101	+0⅜	+0⅜	11.60
Rank Xerox 11 92 £	40	98⅞	99⅜	+0¼	+0¼	11.17
Royal Trustco 11⅞ 90 £	30	99⅞	100⅜	+0¼	+0⅛	11.31
Ster Drug Cap 10⅞ 90 £	30	98½	99	+0¼	+0⅜	11.20
Swed Exp Cred 11⅛ 92 £	50	100⅜	100⅞	+0⅛	+0¼	11.21
Tsthouse Forte 11⅛ 90£	50	97⅞	98⅜	+0⅛	0	11.83
World Bank 11¼ 95 £	100	101½	102	+0¼	+0¼	10.94
E.C.S.C. 10½ 94LF	100	105	106	+0⅛	+1	9.56
Nat Lux Alum 10½ 92 LF	600	105½	106½	+0⅛	+2½	9.31

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100¼	100½	11/10	9⅝	9.59
Banco di Roma 5¼ 92	0	99⅜	99⅝	24/8	7.98	8.02
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅛	28/8	8.81	8.81
Bank of Montreal 5 96	0⅛	100½	100¾	29/7	8¾	8.70
Bankers Trust 5 2000	0	99½	99¾	11/8	9.81	9.85
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/8	8.58	8.54
B.F.C.E. 5¼ 99	0⅛	100⅜	100⅝	13/9	10.06	10.01
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/7	9⅛	9.11
C.C.F. 5¼ 97	0	99⅝	99⅞	22/8	10⅝	10.65
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/8	8.88	8.89
Citicorp O/S 5¼ 96 Sep	0⅛	99¾	100	19/12	11.19	11.20
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Dresdner Fin 5¼ 89	0	99⅞	100⅛	25/8	9⅜	9.38
Ireland 5¼ 97	0	100¼	100½	28/10	9.69	9.65
Ireland 5¼ 99	0	100½	100¾	14/8	10	9.94
Italy, Republic 5 94	0⅛	100⅛	100⅜	12/11	8⅞	8.86
Lloyds Euro 5 2004	0⅛	100⅛	100⅜	10/10	9⅛	9.10
Midland Bank Perp 5	0¼	99½	99¾	19/8	5	5.02
Nat West–Perp 5 89	0⅛	100¾	101	13/11	9⅛	9.06
Nat West Perp A 5¼ S	0¼	99¼	99½	9/7	5¼	5.28
Nat West Perp B 5¼ S	0¼	99⅛	99⅜	9/8	5¼	5.29
Queensland Coal 5¼ 96	0¼	100½	100¾	12/11	9	8.94
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	2/8	12.81	12.81
Sweden Perp 5¼ 85	0¼	100⅛	100⅜	9/7	9.44	9.41
Tokai 5¼ 99	0⅛	100⅜	100⅝	12/8	8.94	8.88

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	97½	98½	–0¾	8.82
Fanuc 3⅜ 98	1/84	7032.3	148⅜	149⅜	+0¼	36.21
Fujitsu 3 99	5/84	1320.9	83⅝	84⅝	–0½	10.43
Kumagai Gumi 3½ 2000	3/85	600	116¼	117¼	+0⅜	7.35
Marui 3½ 99	7/84	1162	99⅜	100⅜	+0⅝	2.55
Mitsubishi Elec 2⅞ 00	3/85	422	93⅝	94⅝	+0⅛	–2.32
Murata 3½ 99	2/84	2351.2	93	94	+0½	38.57
Murata 3½ 2000	7/84	2398	91⅞	92⅞	+0¼	28.45
Nippon Elec 2⅞ 2000	1/85	1295	86	87	+0⅞	11.41
Nippon Oil Co 3 2000	5/85	923	102⅛	103⅛	–0½	–1.43
Nippon Oil Co 3¼ 99	3/84	1052	92⅝	93⅝	+0⅜	10.47
Oki Elec Ind 3½ 99	10/84	805	98⅞	99⅞	+0½	28.06
Orient Leasing 5¼ 98	6/83	2680	111⅞	113⅛	+3⅝	0.15
Sekisui House 3 99	6/84	612	112¼	113¼	+0⅜	3.51
Sony Corp 2 2000	5/85	4578	89⅝	90⅝	–0½	–2.00
Sumitomo Corp 2⅞ 99	5/84	593	120	121	–0½	2.00
Taiyo Yuden 3¼ 2000	3/85	1078	87⅜	88⅝	–0¼	–3.89
Takeda Riken 3⅜ 2000	10/84	7883	87	89	0	21.89
Tokyo Sanyo Elec 3½ 99	12/84	772	91⅛	92⅛	+0½	2.52
Toshiba Ceramics 3 2000	4/85	1734.2	81⅝	82⅝	–0⅞	–1.14
Nippon Oil Co 2½ 92 SF	3/84	1052	† 105½	106	–1	8.28
Nippon Shinpan Co 2 92 SF	3/84	801	† 104½	105	–0½	12.18
Asics 5 92 DM	12/83	520	186⅝	188⅝	+0⅛	23.67
Sum Realty 6¼ 92 DM	2/83	336	279¼	280	–0⅜	–2.78

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £
A broad base of interest was again supported with good volume in a firm cash market.

Est Volume Calls	Est Volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
966	616	2075	1252

Eurodollar Future—points of 100%
Narrow spreads and steady volume in a quiet market again demonstrated the early strength of this contract.

Est Volume Calls	Est Volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
136	51	178	280

For full details of settlement prices call Louisa Powell at LIFFE on 01-623 0444.

LIFFE, Royal Exchange, London EC3V 3PJ.

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/Gearing Ratio
CASIO 6/3/89	41.50	43.00	1,620	12.15	2.85	4.27
C ITOH 4/5/89	34.00	35.50	430	9.76	3 26	3 00
C ITOH 20/1/87	45.00	50.00	430	22.89	2.30	9.84
FUJIKURA CABLE 28/4/89	8.00	9.50	332	28.75	8.20	3.50
HAZAMA GUMI 1/11/89	7.00	8 50	340	50.03	8.48	5.90
J S R 28/4/89	6.50	8.00	370	30.54	9.48	3 22
JUSCO 22/12/88	74.00	78.00	842	22 49	1.83	12.29
KAYABA 15/2/89	14 50	16.00	337	5.78	6.55	0.88
KUMORI PRINT 30/12/89	16.00	17.50	2,150	9.67	6 09	1.62
MARUZEN 12/2/90	8 00	9.50	510	25.08	9 64	2 60
MINEBEA 20/2/89	35.00	37.00	618	71.29	2.08	34.32
MIT CHEM 20/1/87	92.00	96.00	513	28.01	1.52	18.44
MIT CORP 7/11/88	28.50	30.00	862	–0.58	4.19	–0.14
MIT GAS 20/3/89	26.00	26.50	414	1.80	4.34	0.41
MITSUI E/S 15/10/88	10.00	11.50	171	10.24	8.34	1.23
MITSUI E/S 10/12/87	24.50	26.50	171	6.97	4 51	1.54
MIT METAL 10/2/89	79.00	84.00	635	38.90	1.53	25.44
MIT METAL 10/11/89	10.50	12.00	635	23.82	7.36	3.24
MITSUI PET CHEM 15/2/90	25.00	26.50	450	5.68	4.71	1.21
NIPPON MIN 17/3/89	89.00	93 00	470	24.06	1.59	15.10
NIPPON MIN 15/5/90	20.50	22.00	470	23.59	4.52	5.22
NISSHO IWAI 1/2/89	13.00	14.50	290	11.35	6.76	1.68
NOMURA 31/10/88	77 00	78.50	1,280	2.31	2.14	1.08
OHBAYASHI GUMI 5/4/89	44 00	47.00	305	21.49	2 41	8.91
OMRON TATEISHI 31/3/89	8.00	9.50	1,480	69.97	6.18	11.32
ONODA CEMENT 10/4/89	33.00	36.00	353	–1.61	3 59	–0 45
ONODA CEMENT 28/2/90	14.00	15.50	353	14.74	6.78	2.17
OPTEC DAI-ICHI 23/2/90	14.50	16.00	675	12.64	6.72	1.87
OSAKA TRANSFORMER 29/1/90	11.00	12.50	491	17.21	7.85	2.19
RENOWN 24/1/89	9 50	11.00	700	24.41	7.70	3.17
RYOBI LTD 25/5/90	11.50	13.00	433	8.46	8.07	1.05
SEINO TRANSPORT 17/3/89	9 00	10.50	1,050	21 30	7.86	2.71
SEIYU STORES 20/3/87	54.00	56.00	705	42.57	1.87	22.71
SONY CORP 26/4/90	19.00	20 50	4,130	29.77	4.64	6.42
SUMI CONSTRUCTION 24/3/89	43 00	46.00	227	28.83	2.32	12.32
SUMI HEAVY 24/2/89	11.50	13.00	241	4.33	7.92	0.55
SUMI REALTY 21/11/89	49.00	50.50	785	0.19	2.96	0.06
TOKYO ELECTRIC 14/3/89	6.50	8.00	1,020	48.84	8.59	5.69
TOKYO SANYO 6/6/87	149.00	153.00	719	55.88	1.06	53.05
TOKYU CORP 29/1/90	31.00	32.50	418	2.61	4.06	0 64
TOKYU DEPT 20/7/90	17.00	18.50	493	21.03	5.32	3 95
TORAY 5/3/87	14.50	16.00	485	8.46	6.35	1.33
TOYO ENG 28/2/89	53.00	55.00	675	57.95	1.72	33.70
YAMAMURA GLASS 8/5/90	11.00	12.50	508	30.15	6.94	4.34
YAMATO KOGYO 29/1/90	7.50	9.00	645	23.50	10.07	2.33

Reuters Monitor DABF/G/H/I/J - Further information from: Freddy Glock, Simon Gamse or Beverly Kelly on 01-248 8080
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

International Capital Markets

Every Monday the Financial Times publishes a review of the previous week's activity in the international bond markets.

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هكذا صدر الأصل

INTL. COMPANIES & FINANCE

Air Afrique shows sharp cut in operating deficit

BY PETER BLACKBURN IN ABIDJAN

THE OUTGOING head of Air Afrique, the financially-troubled multinational airline, has moved to rebut reports that the company is on the verge of bankruptcy and has produced evidence of a recovery. At Air Afrique's general assembly in Abidjan, the Ivory Coast capital, M Aoussou Koffi announced substantially improved results, the end of a 10-month labour dispute, and measures to restore the company's finances.

The net operating deficit was cut to CFA 344m ($732,000) in 1984 from CFA 3.4bn, while turnover rose 8 per cent to CFA 129bn. The results were much better than had earlier been forecast and were attributed to tighter financial control, according to company officials.

Some 40 African pilots and mechanics have finally accepted wage cuts of almost 50 per cent and signed new contracts. However, more than 50 French pilots have lost their jobs.

The salary cuts are part of a financial recovery plan which includes:

- Laying off more than 500 of the company's staff of some 5,600.
- The recent sale of a Boeing 747 cargo plane for $60m.
- A CFA 5bn increase in the company's capital, subscribed by the 10 French-speaking member countries and by Sodetraf, which is controlled by UTA of France and which has a 28 per cent interest.

The aircraft sale will help reduce debt service this year to CFA 8bn and outstanding debt to some CFA 100bn.

M Koffi, an Ivorian, is stepping down after 12 years, to be replaced by M Auxence Ickonga of the Congo. M Ickonga was head of the state oil company head of Hydrocongo, the state oil company, and a former Foreign Minister.

Quadrupled profits from Tisco

BY R. C. MURTHY IN BOMBAY

TATA Iron and Steel Company (Tisco), India's only private sector steel group, more than quadrupled net profits to Rs 847.4m ($68.4m) in the year to March, up from Rs 200.1m.

The result contrasts with the continuing heavy losses being incurred by the country's state-owned steel plants.

Sales moved up 24 per cent to Rs 11.05bn from Rs 8.89bn, while operating profits were Rs 2.19bn against Rs 1.08bn.

Mr Russi Mody, who succeeded Mr J. R. D. Tata as chairman last year, said the record result was assisted by the fact that steel prices, which are controlled by the Government, were increased twice last year to offset the rise in cost of steel production. In addition, Tisco produced a record 1.714m tonnes of steel in 1984-85, against 1.626m tonnes the previous year, contributing to a reduction in overheads.

Tisco boosted its dividend four percentage points to 21 per cent.

The company plans to invest Rs 10bn over the next five years to increase efficiency in steel production. Most of the investment is planned in coal mines owned by the company, and blast furnace modernisation.

Mr Mody said Tisco will consider doubling its steel capacity to around 4m tonnes if the Government permits the adding of capacity in the private sector.

Philippine central bank bill yields reduced

By Samuel Senoren in Manila

THE PHILIPPINE central bank has cut the yield on its short-term domestic borrowings in an attempt to ease pressure on interest rates generally.

The average yield on central bank (CB) bills has fallen 7 percentage points since April to settle at 27 per cent. In March, the yield was an unprecedentedly high 41 per cent.

The moves came in the wake of a relaxation by the International Monetary Fund on liquidity targets which had been made performance criteria for further drawdowns on a SDR 615m ($616.2m) standby facility.

The IMF allowed a 15 per cent expansion in money supply for 1985 after Philippine authorities complained that the previous ceilings were impossible to meet.

The CB bills, along with issues of the national treasury, had been effective open market instruments employed by monetary authorities in controlling money in circulation as well as inflation.

By offering yields that were more than double deposit rates of banks, the central bank was able to retrieve "excess funds" from circulation.

The idea was to constrict money supply and rein in inflation, which ran at more than 50 per cent last year.

However, bankers and businessmen said the central bank overdid the issue of the high-yielding bonds to the prejudice of the business sector. Banks have had to match the rates of the CB bills to maintain their deposit base, and the exercise fuelled a rise in lending rates that reached as high as 45 per cent, even for prime clients.

But with the reduction in the yield of the CB bills, banks have started lowering lending rates to the level of about 30 per cent.

HK Land hotel sale delayed

HONGKONG LAND yesterday announced a delay in completing its sale of the territory's Excelsior Hotel to Kuo International of Singapore, Our Financial Staff writes.

The disposal—for a price believed to be in the region of HK$850m (U.S.$109.5m)—was due to have been finalised by the end of last month. The company did not elaborate on reasons for the hold-up.

Hongkong Land announced the planned sale of the 948-room Excelsior on June 13, as part of a strategy designed to reduce group debt.

Toyota Shoji bankrupt

BY YOKO SHIBATA IN TOKYO

THE OSAKA District Court yesterday declared bankrupt Toyota Shoji, a gold dealing firm alleged to have used fraudulent means in collecting about Y200bn ($805m) from investors.

The ruling followed the murder last month of Mr Kazuo Nagano, its chairman, and the sequestration of its assets.

A total of 24 plaintiffs claimed that Toyota Shoji's liabilities were as much as Y69bn in excess of its assets.

The initial creditors' meeting was set for September 24.

Hopes are dim that the authorities can recover the bulk of the money. Last week the court managed to confiscate only Y2.2bn worth of assets, none of which were the gold bars which the company was offering for sale.

A chain reaction of collapses is feared among its subsidiaries, including Berugii Diamond.

The company has no connection with Toyota Motors.

Malayan Breweries has good half-year

Malayan Breweries of Singapore boosted pre-tax profits to $33.9m (US$15.1m) in the six months to March, up 12.2 per cent from a year earlier, AP-DJ reports from Singapore.

Turnover rose 13.2 per cent to S$287.1m. The company said its Papau New Guinea operations, which last year broke a string of annual losses, continued to improve.

It declared an unchanged interim dividend of 8 cents, and added a 2-cent bonus payment.

John Fairfax to take full control of Syme

John Fairfax, the Australian media group, is to assume full control of David Syme and Co, publisher of the Melbourne Age, following the close of its takeover offer on Friday, Reuter reports from Sydney.

Fairfax said it now held 98.02 per cent of Syme after gaining 14.66 per cent through its latest offer. This valued Syme at A$122.4m (U.S.$81.6m). It now intends to move to compulsory acquisition.

JAPANESE RESULTS

DAIMARU

DEPARTMENT STORES Year to	Feb '85 Y	Feb '84 Y
Revenues (bn)	738	683
Pre-tax profits (bn)	5.82	†11.82
Net profits (bn)	3.71	†13.95
Net per share	18.55	17.81

CONSOLIDATED
† Loss.

MITSUKOSHI

DEPARTMENT STORES Year to	Feb '85 Y	Feb '84 Y
Revenues (bn)	658	555
Pre-tax profits (bn)	1.24	†9.80
Net profits (bn)	†3.06	5.73
Net per share	†7.06	3.22

CONSOLIDATED
† Loss.

NIPPON OIL

OIL REFINING, MARKETING Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	3,083	3,325
Pre-tax profits (bn)	14.81	25.21
Net profits (bn)	9.60	12.83
Net per share	10.24	13.88
Dividend	6	6

PARENT COMPANY

RICOH

OFFICE EQUIPMENT Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	546	471
Pre-tax profits (bn)	38.22	34.13
Net profits (bn)	16.76	15.18
Net per share	41.22	39.10

CONSOLIDATED

SHISEIDO

COSMETICS Half-year to	May '85 Y	May '84 Y
Revenues (bn)	160	155
Pre-tax profits (bn)	15.65	15.21
Net profits (bn)	6.35	6.15
Net per share	27.10	26.81
Dividend	5	5

PARENT COMPANY

Hotels help S & N reach record £65m

STRONG GROWTH by its Thistle hotels operations together with further gains from beer activities helped Scottish & Newcastle Breweries increase its 1984-85 pre-tax profit by £10m to a record £65.2m.

And with profits now double those of three years ago shareholders are to receive a final dividend of 4.19p for a 0.72p bigger total of 6.09p net per 20p share.

In his preliminary statement Mr David Nickson, the chairman, makes no reference to the group's £102m bid for Blackburn brewer Matthew Brown.

The offer was referred to the Monopolies and Mergers Commission in April, the second time in little over a year that S & N's ambitions to expand by taking over a regional brewer have fallen foul of a reference on monopoly grounds.

The group abandoned its attempt to take over J. W. Cameron, a Hartlepool-based brewer, in a £44m agreed deal when the approach was referred to the Commission in June 1984.

The results for the past year, to April 28 1985, were in line with market estimates and the shares closed just 2p higher at 138½p.

Over the 12 months beer profits grew from £56.9m to £65m at the operating level. Margins again improved and all the regional companies showed better returns.

Thistle Hotels pushed its operating profits up from £5.5m to £10.7m and now contributes 15 per cent of group profits. The rapidly expanding division's 95 per cent profits advance follows the previous year's 90 per cent improvement.

Mr Nickson says that while results from London hotels have been outstanding trading throughout the country has been strong, justifying the directors' confidence in a continuing high level of investment. He adds that advance bookings in 1985 are particularly encouraging.

Overall, the current year has got off to a good start and the board remains confident about the future of the business.

Group turnover for 1984-85 moved ahead from £692.5m to £707.2m and generated operating profits of £74.8m, compared with £63.2m. Financial income added £0.4m more at £3.3m.

Pre-tax profits were struck after taking account of a £2m rise in financial expenses to £12.9m.

Net profits emerged at £45.4m, against a previous £38.6m, after tax of £19.8m, up from £16.6m.

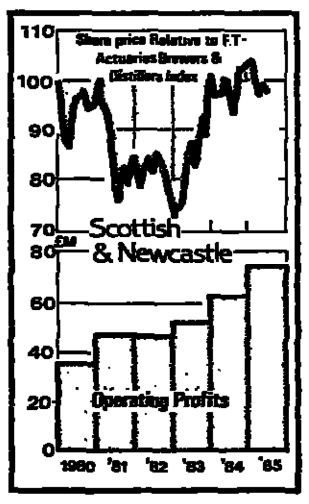
The profit-sharing scheme accounted for £1.1m (nil) and extraordinary items for £0.3m (£5m). After same-again preference dividend payments the available balance for ordinary shareholders amounted to £43.5m (£33.1m).

Dividends will absorb £17.9m (£15.1m) to leave £25.6m (£18m) retained.

Earnings per share came through 1.8p ahead at 15.3p.

Extraordinary items included closure and reorganisation costs of £2.7m, less surplus on disposal of properties and a subsidiary totalling £2.4m.

Group pre-tax profits for the second six months rose from last time's £23.6m to £27.9m. At the time of the offer for Matthew Brown the directors forecast a final dividend of not less than 4p.




Mr David Nickson

At year-end S & N had total borrowings, net of cash, amounting to £138.6m (£126.7m).

See Lex

Merger helps Marston to £1m profit lift

A £1M advance to £8.38m in pre-tax profits has been achieved by brewer Marston Thompson & Evershed in the year ended March 31 1985. This includes figures from Border Breweries (Wrexham), the amalgamation and reorganisation of which is virtually complete.

Earnings come to 5.79p per share, against 4.6p, and a final dividend of 1.328p lifts the net total from 1.725p to 1.95p.

In the current year trade for the first quarter shows a slight drop, the directors report, and can attribute that to the adverse weather. The company is, however, continuing to gain market share.

Full benefits of the merger with Border are coming through.

Comparative volumes are ahead of last year, with Pedigree and Marston's Pilsner Lagerbier showing "significant increases." Bottled Low (C) is available in many more outlets, particularly through other brewers' public houses, and is being supported by a substantial advertising campaign.

Turnover for 1984-85 advanced from £48.14m to £66.54m, and the profit was struck after depreciation of £2.38m (£1.84m) and share ownership scheme £171,000 (£151,000). After tax £3.42m (£3.84m) the net profit is £4.96m (£3.55m).

Burmah offshoot acquires U.S. ink company

BY WALTER ELLIS

Sericol, the screen printing inks division of Burmah Speciality Chemicals, has announced the purchase of Advance Process Supply (APS), a U.S. inks company, for $25m (£19.2m).

The acquisition is another important step for Burmah, a division of Burmah Oil, which has been building up its holdings for several years. It controls a significant, and technologically-advanced, section of the UK screen inks market. Through Sericol, it is also active in Continental Europe, where it has various distribution and colour-matching depots, and is involved in ventures in Africa and the Far East.

APS, with its main plant in Chicago, produces inks and equipment for the screen printing industry. It is expected to take Burmah's total annual sales in the sector to between £60m and £70m.

The American company was family-owned, and the former directors are to continue to run its affairs. Sericol, similarly, has remained in the day-to-day control of its previous proprietors, one of whom, Mr Alex de Gelsey, is in charge of Burmah's screen inks division.

Mr de Gelsey says the APS acquisition is a good fit. There is little overlap in the production of Sericol and Advance, and each stands to benefit from the technology and markets of the other. Sericol is expected to improve APS's production methods while gaining a number of customers and distribution points throughout the U.S. and Canada.

Annual sales at APS are running at about $50m. It has five plants in the U.S. and employs more than 600 workers. Sericol does not publish separate accounts, but it accounts for a significant proportion of Burmah Speciality Chemical's overall sales, which last year reached £100m.

Burmah is looking for fresh acquisitions in the lucrative speciality chemicals field. It is active in screen inks, adhesives and coatings, and is anxious to move into a fourth sector. Companies in the U.S., France and West Germany are being considered, as well as others in the UK.

Uneasy debut for Salvesen

BY STEFAN WAGSTYL

Christian Salvesen, the food distribution, building and industrial services group, made a hesitant start on the stock market yesterday.

The shares opened at a discount to the 115p issue price and fell quickly to a low of 103p, with dealers reporting selling by stags, professional investors, who had hoped to make a quick profit on the issue.

Later however, the shares picked up to close at 118p, after, said dealers, some buying from Hoare Govett, Salvesen's broker.

"Hoare Govett did not have to be too aggressive. The shares were steady," said one dealer.

The offer for sale for Salvesen shares was subscribed 6.6 times, with investors putting up some £435.6m for the £66m worth of shares on offer. But the issue was priced more than two weeks ago since when the FT 30-share index has fallen 2½ per cent from 977 to 952.5.

Mr Shaun Allison, of Hoare Govett, said last night: "I thought the final price was very much more satisfactory than I could have hoped when I woke up this morning."

On the USM two new issues also made modest debuts. Shares in Polypipe, a maker of plastic piping, closed at 110p, against a placing price of 99p, and Pacer Systems, a U.S. high-technology company, closed at its placing price of 170p.

Meanwhile, English China Clays, and its financial adviser J. Henry Schroder Wagg, were last night anxiously awaiting the result of the company's one-for-four rights issue, planned to raise £89m gross.

First indications after the deadline closed yesterday were that the issue would be undersubscribed by perhaps 50 per cent. The shares last week were trading in the stock market at below the 220p offer price, though they recovered yesterday to close 3p higher at 221p.

Underwriters will be obliged to accept shares which are not taken up and which cannot be sold at a premium in the market.

APPLIED COMPUTER Techniques has entered into a conditional agreement to subscribe for 30 per cent of Barson Computers Australasia for A$1.76m (£900,000) cash. Barson, a distributor of microcomputers and already one of ACT's major distributors, has offered 22 per cent of its shares to the Australian public and part of the agreement with ACT is that the shares on offer are subscribed for by the public or by the underwriters. The deal is aimed at strengthening hte position of ACT's Apricot microcomputer in Australasia and the Pacific region.

Unigate offshoot sold for £6.75m

Unigate has agreed to sell its Aplin and Barrett subsidiary to Burns Philp (UK), for a total of some £6.75m.

It is anticipated that Aplin and Barrett, a manufacturer and distributor of a specialised food preservative, will benefit from being a member of the food division of Burns Philp who have extensive interests in related markets.

MINING NEWS

As from today, the FT will no longer contain a separate mining column. News and features about metals, minerals and mining companies will be published on the UK company news, international company news, commodities and other pages as appropriate.

Rothschild raises provisions to £38m

FOR THE 15 months ended March 31, 1985, J. Rothschild, returned pre-tax profits of £70.1m.

Earnings after an £18.1m tax charge emerged at 10.6p. Based on the profit for the financial period (£1.438m) earnings amounted to 34.2p.

The directors estimate that net asset value per share at March 31 was approximately 125p after an appropriate provision for tax and after providing for dividends.

A final dividend of 1.2p brings the total for the 15 months to 5.7p.

Included in extraordinary profits less losses amounting £61.4m was a provision of £38.3m on the ultimate sale of MHS Holdings. At the time of the interim report there were provisions for losses of £10m against the group's investment in MHS.

The directors say this has now been increased to £38.3m and that legal proceedings have been instituted and further proceedings are under investigation to reduce the eventual loss for which they believe adequate provisions have now been made.

Pre-tax profits consisted of continuing activities—investment holding dividends and interest £17m, investment dealing £40.4m, investment banking £2.1m, development capital (U.S.) £17.1m and financial services £5.7m.

The contribution from discontinued activities showed merchant banking (after transfer to inner reserve) £10.6m, development capital — UK, France and Canada £3m, industrial subsidiaries £7.2m and life assurance dividends £2.3m. Central overheads accounted for £10m and central interest for £25.3m.

Tax took £18.1m, of which the UK provision amounted to £14.9m, related and associated companies accounted for £6.1m and minorities for £1.9m.

There were realised gains amounting to £38.4m from the investment holding portfolio and extraordinary profits, less losses, of £61.4m to leave the profit for the financial period at £143.8m.

Dividend payments will absorb £24.5m to leave a retained profit of £119.3m.

The group was formerly known as Charterhouse J. Rothschild. With major changes in the development of the group taking place early this year it was decided to change the accounting date to end-March. In view of these changes the directors say no meaningful comparisons can be made with the combined results of Charterhouse Group, RIT and Northern for the period prior to the merger.

See Lex

Illingworth recovery gathers pace and dividend is resumed

Illingworth, Morris' recovery from the doldrums of the early 80s gathered pace yesterday with the publication of the group's results for 1984-85, showing a 75 per cent increase in pre-tax profits, and a resumption of the dividend after a two-year break.

Mr Alan Lewis, the chairman and chief executive who has a majority shareholding in the company, said that the way was now clear to make IM the strongest in Europe in financial terms, in addition to its position as the biggest wool textile manufacturer.

He also forecast that the group would move into a "positive cash situation" by the end of the current financial year, having reduced bank borrowings by £2.8m to £4.8m in the year to March 31 1985.

The pre-tax outcome for the year was £4.14m, up from £2.37m and higher than most analysts had forecast. It is the group's best result for seven years, and follows Mr Lewis's acquisition of the company in 1983 after a bitter takeover battle.

The chairman yesterday attributed the improvement to much more efficient management. Having completed the reorganisation of the company's finances, he looked forward to reaping the benefits of a change in managerial style to provide the group with a new direction.

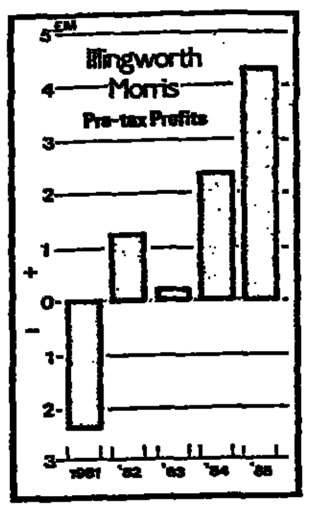
On the prospects for the future, Mr Lewis said that he was "realistic rather than optimistic," but he considered that the group had large growth potential. He intended to concentrate on the parts of the business which already had a niche in the market, and to exploit what he considered to be IM's leadi n the technological field.

The dividend is resumed with a 1p payment for the year on both the ordinary and the A shares. Until now the latter held no voting entitlement, but the directors intend to rectify this by enfranchising the A stock units which comprise the overwhelming bulk of the total equity. The proposal is conditional upon the agreement of the ordinary holders, who will receive a one-for-ten scrip issue if they approve the move.

Mr Lewis himself holds 52.97 per cent of the A shares, and 55.61 per cent of the ordinary. He explained yesterday that the enfranchisement would remove the anomaly of the non-voting shares, and would in no way affect his control of the company. Both shares gained in the market yesterday, with the ordinary ahead 3p to 86p and the A up

Sales for the year moved ahead by nearly 11 per cent to £93.04m, and produced operating profits up from £2.68m to £4.18m. Other income added less at £890,000 against £927,000, but interest payable took less at £927,000 (£1.24m).

The tax charge for the year was considerable reduced at



£104,000 against £430,000, mainly due to a large drop in the provision for UK tax, down from £416,000 to £65,000. Overseas tax was also down, from £10,000 to £7,000, but related companies paid more at £32,000 (£4,000). Earnings per ordinary and A share came out at 9.9p against 4.4p.

Minority interests came to £94,000 (£88,000), but extraordinary credits were £279,000 (£5,000), to leave a profit of £4.22m (£1.86m) for the financial year. The resumed dividend will account for £391,000 (nil), and after this and an unchanged payment of £91,000 on the preference shares, retained profit came out at £3.74m (£1.77m).

● comment

The restoration of a dividend and £4.1m profit that Illingworth Morris has reported are less of a surprise, perhaps, than the proposed enfranchisement of the Illingworth "A" shares. The one-for-10 scrip that ordinary shareholders are to receive for the dilution of their vote served yesterday to widen the differential between the two classes by a penny: the ordinary now stand at 86p. That unflustered reaction surely reflects reality: Mr Lewis is not going to relinquish control whatever happens. As to the trading results, the improvement speaks for itself, as does the cash generation which has enabled Illingworth to reduce its gearing from 50 to 17 per cent. Of course, the profit figures are protected by those restructuring provisions which a conservative management deems necessary; but in this case it seems fair to allow that cash flow backs up the profit story. For the future, extending the Crombie name into garment manufacture, extending the marketing effort into the U.S. and concentration on better financial controls should all contribute to higher profitability. An historic p/e of less than 9 at last represents a modest premium to the sector—justifiable if the brand portfolio can indeed be properly exploited.

هكذا من الأصل

UK COMPANY NEWS

LPA improves 9% and sees better second half

HAVING reported a 9 per cent increase in pre-tax profit for the first half LPA Industries, the Essex-based electrical accessories manufacturer, is looking for a better second six months.

In the half-year to the end of March 1985, pre-tax profit rose from £371,000 to £406,000, on turnover up by 20 per cent to £2.84m (£2.36m). An interim payment of 1.4p is recommended, compared with 1.05p last time, when the total dividend was 2.45p.

The directors say that following the group's historical pattern it is anticipated that the second half will show an improvement on the first. This year there will be the benefit of a record forward order book, which reflects an increased demand for both standard and specialised products.

There will also be a contribution from the two acquisitions made towards the end of 1984, Crawley (Refrigeration), bought from the receivers of Acrow Engineers, and Jarneta, which following an initial investment in May 1983 was taken over completely in December.

The figures for the first half reflect the initial effects of both the acquisitions, say the directors. It is intended that Crawley will be transferred to the company's Tudor Works in Saffron Walden in the near future, at the same time as Jarneta is moved into smaller premises.

Operating profit came out at £412,000, compared with £362,000 for the comparable period in 1983-84. Pre-tax profit was struck after interest charges of £6,000, compared with interest received of £2,000 last time, when there was also investment income of £7,000.

Tax took £172,000 (£185,000) and last time there were £34,000 costs of its introduction on the Unlisted Securities Market. Earnings per 10p came out at 4.3p, an increase of 26 per cent on the previous figure of 3.42p.

• comment

LPA's somewhat low-tech image is coming in handy at the moment, as its share price is free from the general depression over the electricals sector. Well back from the euphoric price at the time of the introduction to the USM last year, the shares up 2p yesterday to 75p are now moving in step with the company's own steady progression. In the first half of this year, a larger increase in turnover than in profits was the result of losses made at Jarneta, the recently acquired subsidiary which makes remote controls for cranes. However, it should be breaking even by the new year in response to a series of cost cutting measures now being carried out. The other new acquisition, Crawley, could start making a noticable impact on profits in the second half, and by 1986 could be contributing at the rate of £100,000 a year. Meanwhile, the company's bread-and-butter business making electrical sockets and components continues to advance, and order books are now at a record £1.2m. If LPA can make £900,000 this year, after a 42 per cent tax charge the shares seem fairly rated on a p/e of about 8.

Frank Horsell seeks listing

BY TERRY POVEY

Frank Horsell Group, the Leeds-based printing industry supplies company, is seeking a listing on the Stock Exchange. Since 1979 the group has been quoted on the over-the-counter market made by Granvilles & Co. and is capitalised at more than £22m.

Yesterday Horsell also announced preliminary results for the year to March 31. Profits before tax were £3.7m (£2.48m), while turnover rose 47 per cent to £25.9m (£17m). Earnings per ordinary share rose to 38.9p from 24.1p.

Mr Geoffrey Horsell, managing director, says the listing is being sought because the group needs greater marketability for its shares and greater access to equity capital to fund its development programme.

Advisers to the company Hill Samuel, said that no target date had been set but that it would be "a matter of months rather than weeks."

Horsell's main product is the sensitised offset litho plate which it manufactures in the UK and sells through a network of wholly or partly-owned companies in the U.S., Holland, West Germany, Denmark, Italy, and France. In addition it markets in more than 40 other countries via distributors.

With 50 per cent of sales overseas the company has won the Queen's Award for Exports. In the UK its share of the commercial printing market for plates is some 28 per cent—which has doubled over the last four years.

Capital spending has required that large chunks of group profits be ploughed back into the company. Over the last four years, £7.45m has been spent, and there are plans to spend a further £4m this year.

A review of the company's capital structure will be part of the preparation for the full listing, said Mr Horsell yesterday, whose family has owned and run the business for 100 years. At present the issued capital consists of 906,088 preferred ordinary shares and 5.65m ordinary shares. The Horsell family controls 65 per cent of the voting stock although most of the preferred shares are in the hands of institutions. The preferred convert into ordinary shares in 1987 on a three-for-four basis.

On the preferred shares the total dividend paid for the year is 8.3p (6.7p) and on the ordinary stock a final of 1p marks a return to paying dividends on this class of the group's shares after four years.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Lincroft Kilgour, Rex Williams Leisure.

Finals: CML Microsystems, General Electric, Mountleigh, Pope, Vosper.

FUTURE DATES

Interims—

Birmid Qualcast	July 11
Gresham Trust	July 10
Ladies Pride	July 25
Lloyds Bank	Aug 2
Webber Electro Components	July 11

Finals—

Bridgend Processes	July 5
Bulgin (A. F.)	July 8
Crown House	July 17
Elbief	July 26
Ingram (Harold)	July 25
Joseph (Leopold)	July 10
Lloyd (F. H.)	July 8
May and Hassell	July 15
Russell (Alexander)	July 4
Goring Kerr	July 8

Prudential has mixed start to present year

A MIXED patern of new life and pensions business in the first six months of this year is reported by the **Prudential Corporation**, Britain's largest life company.

In the UK, individual business benefited from the pre-Budget pension sales boom on fears that the Chancellor of the Exchequer Mr Nigel Lawson was changing the tax structure of pension schemes. New annual premiums on personal retirement contracts rose by almost 80 per cent from £17.5m to £30.9m, most of the growth coming ahead of the Budget.

This more than offset a decline in sales of individual life and savings contracts in the UK, which occurred because salesmen tended to devote their efforts to selling pension contracts. Overall new annual premiums on ordinary individual business rose nearly 14 per cent from £51.1m to £58.2m.

New annual premiums in the industrial branch showed 5 per cent growth from £35.4m to £37.3m over the period.

Single premium individual business fell during the half year from £46.9m to £38.5m. But this was more than offset by sales of £20m by the new unit trust operation in which the company is placing more emphasis on selling unit trusts rather than linked-life bonds.

Group pension business in the UK was again down in overall terms, with annual premiums dropipng from £12.1m to £10.8m.

New annual premiums on the with-profit schemes increased by nearly one-quarter to £7.8m, showing the growth in earnings of employees in existing schemes as the recession ends. But this rise was more than offset by certain major clients switching out of managed funds into segregated funds, managed by Prudential Portfolio Managers.

However, single premium group pensions business was buoyant over the period rising 30 per cent from £11.9m to £15.5m — another sign of the ending of the recession.

Overseas life business showed an 8 per cent drop in annual premiums, in sterling terms, from £27.6m to £25.3m. However, this reflects the rise in the value of sterling over the period.

The underlying growth rate was 16 per cent. Single premiums were halved from £125.6m to £69.9m, with an underlying decline of 35 per cent.

UK COMPANY NEWS

TVS profits fall £1.4m in difficult half year

IN WHAT is described as one of the most difficult trading periods to date, **Television South** has suffered a profit setback in the half year ended April 30 1985 with the pre-tax figure falling from £4.81m to £3.37m. The City was expecting a shortfall, but in the region of £800,000.

Turnover showed only a marginal improvement from £49m to £49.82m while programme transmission costs were up £4.3m. Savings in costs have been made where these have not affected programmes, as the directors decided not to reduce programme quality or commitments "at this important time in the company's franchise." TVS covers the South and South East of England.

The directors say *forecasting* is difficult, but if revenues stay at present levels then they expect profits in the second half *similar* to those now reported, and they are holding the interim dividend at 2p net per share. For the full year 1983-84 the profit was £8.18m before tax from which a total of 6p was paid.

Advertising revenues are still facing difficult times with more than half of the available time being sold in the actual month of transmission, and this makes forecasting for the year a problem.

Despite the performance, they say there are encouraging signs. Channel 4 revenues have risen every month and reached a best ever level in April, and the TVS share of industry revenue has also continued to increase. The second half sees the company continuing to progress with a major production entitled OSS which has already been sold in the U.S.

Gross profit fell from £24.39m to £20.91m. The IBA rental came to £3m (£2.81m), Channel 4 subscription to £8.32m (£7.88m) and Exchequer Levy to £2.6m (£5.44m). Interest payable showed a £536,000 increase but that receivable was up £779,000.

After tax £1.39m (£2.3m) the half year's net profit works through at £1.98m (£2.51m), for earnings of 8.14p (10.3p).

• comment

Television South's pre-tax profit of £3.4m compares with forecasts ranging from £3.2m to £4.2m, but the market seemed little surprised to find the result at the bottom of the range and sent the shares down by only 4p to 124p. The company appears to be more highly geared to net advertising revenue than some in the City had thought; the depressed state of television advertising left the turnover stagnant and vulnerable to rising costs, notable among which was a 15 per cent incerase in the cost of buying-in programmes from other contractors. Prospects are unpredictable: the company anticipates that on present trends the second half will look much like the first, but this is to ignore cautious optimism in the industry that the advertising famine is ending. The summer is bound to be flat whatever happens but a surge in autumn revenues could easily give profits a last-minute £1m fillip. The catuious view, which puts profits at £6.7m, has the prospective *p/e* at 8 after a 40 per cent tax charge—hardly surprising in view of imponderables such as possible alterations to the exchequer levy. Perhaps the best that can be said for the shares is that they are yielding 7 per cent.

Trilion raise £2m via USM placing

By Lucy Kellaway

Trilion, a television facility and broadcasting company, is joining the USM via a placing by Capel-Cure Myers of 2.6m shares at 73p each.

Of the total proceeds of £1.9m, nearly £1m will be new money for the company, which is capitalised at about £7m. The money will be used to reduce group borrowings and to expand working capital.

The company's main business is the provision of outside broadcast facilities, including equipment and personnel, to broadcastaing companies, both British and foreign. It specialises in sport and music, and currently has a large proportion of its equipment at Wimbledon to film the tennis championship for American television networks, NBC and HBO.

About half of Trilion's income comes from three other main sources: hire of post production and edit facilities, programme production, in which the company actually makes the programme itself, and from the distribution and copyright of films that it has either made or bought.

The company believes that the market for its product is growing as a result of the spawning of satellite and cable television, and also expects to continue to reap the benefits from the expanding market for "pop promos" — promotional videos for pop records.

The last five years have seen an erratic profit performance from the group, which turned in a loss of about £150,000 in 1981, and made a small profit in each of 1982 and 1983. After a profit of £206,000 last year, the company is forecasting a total for the year to September 1985 of

Based upon forecast profits, the shares at the placing price are on a price/earnings multiple of about 14, and the yield is 2.15 per cent on a projected dividend of 1.1p.

Dealings are due to begin on July 8.

Widney pays interim after buoyant start

AS THE recovery continues at **Widney**, the Midlands-based general engineer, it is returning to the interim dividend lists after an absence of six years.

With sales increasing by 34 per cent from £2.56m to £3.43m, pre-tax profit for the six months to March 31 1985 was £296,000, compared with £70,000 for the same period in the previous year. An interim payment has been set at 0.2635p net per 4p share.

Last year there was a single payment of 0.175p when pre-tax profit was £246,000.

Mr Jonathan Davies, the chairman, says that demand for most of the group's products remained buoyant during the period, particularly for the range of specialised enclosures.

The figures do not include any contribution from the newly-acquired Francis and Lewis. The chairman says, however, that its sales are up to expectations and the changeover has been completed smoothly and satisfactorily.

All factories continue to be busy and Mr Davies expects, without any unforeseen circumstances, good progress to be maintained during the second half.

Tax was £13.000 (nil) and the dividend took £25,000 (nil). Earnings per share came out at 3.1p compared to 0.8p for the same period in 1983/4.

Oakwood disappointed with progress rate

ALTHOUGH THE improvement has continued for **Oakwood Group** its results for the half year ended March 31 1985 are below the directors' expectations. There is a pre-tax profit of £68,000—this compares with a loss of £298,000 in the comparable period which had been turned into a profit of £184,000 by the year end.

After a year's absence interim dividends are resumed with a payment of 2p net per share. In 1983-84 there was a single dividend of 4.5p. The 1983-84 period was hit by provisions on civil and electrical contracting activities.

Looking at prospects the directors of this wholesaler of building products and contractor for civil and electrical engineering say they regard the next year as more promising than the current one to end September 1985. Turnover in wholesaling is still lower than anticipated and work programmes on contracting projects are later than expected, they explain.

Overall, turnover in the half year came to £6.36m (£6.24m), with wholesaling (water fittings, sanitaryware and kitchen units) being adversely affected by highly competitive trading conditions in a market with insufficient construction works spreading available business too thinly among suppliers.

Consequently, satisfactory profits for the winter period from civil and electrical contracting have been eroded by the results from wholesaling.

The net asset value is given at 176p (159p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Delmar Group	1.85‡	—	1.68	1.85	1.68
Illingworth	1	—	nil	1	nil
LPA Industries ......int.	1.4‡	Aug 9	1.05	—	2.45
Marston Thompson	1.33	—	1.16	1.95	1.73
Oakwood Group ......int.	2	Aug 15	nil	—	4.5
Scottish & Newcastle ...	4.19	Sept 2	3.64	6.09	5.37
Television South ...int.	2	Aug 30	2	—	6
Utd. Guarantee	nil	—	0.5	0.5	0.75
Widney ....int.	0.26	—	—	—	0.18

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Phoenix Timber meeting ends in confusion

BY DAVID GOODHART,

CONTROL OF the Phoenix Timber Group was hanging in the balance last night after a series of inconclusive counts at an extraordinary general meeting called by a group of dissident shareholders.

The dissidents, led by a director, Mr Michael Hermann, are seeking to elect three non-executive directors to the board to press a fresh strategy. Mr Dennis Cook, the chairman, backed by the two other directors and a substantial block of shareholders, has rejected the claims as vague and ill-founded.

But after a stormy and emotional meeting, with both sides claiming to represent the true heritage of the recently-deceased former chairman, Mr Alexander Gourvitch, the voting proved too close to call.

Mr Cook told the adjourned meeting yesterday afternoon that counting would take longer than expected because of the high proportion of small investors. When there was still no result at past five o'clock he adjourned the meeting for the night and said the result would be announced today.

It is understood that there have already been a number of counts, some giving victory to the dissidents and others to the established board.

Mr Hermann directly controls a little less than 20 per cent of the shares through a trusteeship bequeathed to him by Mr Gourvitch. The board recently failed in its attempt to stop Mr Hermann controlling the trust on the grounds that the identities of some of the beneficiaries were not known. Many of them are thought to be Soviet Jews and Mr Hermann argued that to reveal their identity could place them in danger. The dissident vote is boosted by another 10.1 per cent from Equity and Share Company (London).

Mr Hermann told the EGM earlier yesterday that he believed the present board structure was counter-productive, creating too much internal competition, and that the group was lacking in profitability, innovation and team spirit.

"We need new blood to approach our problems more objectively," he said.

Mr Cook replied that the proposed candidates for the non-executive director jobs did not have sufficient relevant exeprience. He added that the comnapy had been reducing the volatility of its recent performances, shifting its emphasis from importing-based wor kto building products and services; and that total borrowing was starting to come down.

As part of yesterday's attack on the chairman by dissidents the issue was raised of his receiving commissions from a company, of which he is an associate director, and which is an important supplier to one of Phoenix's subsidiaries. Mr Jim Cuppler, a Phoenix director with responsibility for the relevant subsidiary, said there was nothing sinister or unusual about the ararngement, which worked to the benefit of both companies.

Meggitt agreement with Negretti

BY DAVID GOODHART,

Meggitt Holdings, the manufacturer and distributor of engineering products, confirmed yesterday that it now has a conditional agreement for the unlisted Negretti Holdings, a supplier of technical instrumentation to the defence market.

An agreement had been expected at the end of last week but the two companies said there had been some minor technical hitches.

Meggitt shares were suspended last week at 102p—giving a market valuation of £17m. They will probably be requoted from today.

The new enlarged group will have a market valuation almost twice as great at about £32m. Meggitt has issued 15.7m new ordinary shares at 5p each and offered shares or cash to the eight institutional investors which own Negretti.

About 70 per cent of the deal has been in shares and 30 per cent in cash with only one investor taking wholly cash. The 15.7m issue represents about 48 per cent of the new company and the owners of Negretti will be left with about 34 per cent of the shares.

Dealing in the new shares will begin on July 22 after a Meggitt extraordinary general meeting on July 19 which is expected to back the agreement. In the meantime Capel-Cure Myers has placed about 4.3m of the shares at 91.5p each.

Although the unlisted Negretti has a turnover nearly three times greater than Meggitt—£15.7m to £5.22m—it was emphasised by Meggitt that this is an acquisition. Mr Ken Coates, a Meggitt director, said: "At the end of the day we are buying Negretti." Only one Negretti director, Mr Clive Clague, will join the board of Meggitt as a non-executive director.

Both companies have had their fortunes significantly improved by new managements in recent years. Negretti, which employs 677 people, was de-listed in 1981 when making an annual pre-tax loss of £786,000 but last year made a pre-tax profit of £1.27m thanks in part to the consortium led by the Thompson Clive venture capital group which bought the company for £1.5m. The company has been looking for a listing for several months.

Meggitt has been turned round since Investors in Industry and two former directors of Flight Refuelling, Mr Coates and Mr Nigel McCorkell, took effective control at the beginning of 1984. It has recently been acquiring a number of small companies and looking out for possible high-tech acquisitions.

Mr Coates said yesterday: "The objective is to build up a broadly based engineering company." The new enlarged company will split roughly 50:50 between aerospace and general industrial products. Meggitt is likely to continue on the look-out for more engineering acquisitions. "We have been a small vehicle, we are now a medium-sized one," said Mr Coates.

COMPANY NEWS IN BRIEF

LLOYDS BANK is to establish in Tokyo a headquarters for the International division's operations in Asia. The office will be responsible for the management of the commercial banking business of the division through its branches and offices in 10 countries of the Asian region, and overall development and co-ordination of Lloyds Bank group activities in Asia.

LOW AND BONAR made an extraordinary profit, before tax and expenses, of £3.92m on the sale of surplus land and buildings at Slough for £4.75m cash. The property was valued in the books at £1.89m, including a revaluation increase of £1.06m.

CAUSEWAY CAPITAL has raised equity and loan finance of £7.25m to support a management buy-out by the senior management of Roger Malcolm, the housebuilding subsidiary of Capital & Counties, and to provide additional working capital for Bellwinch, a new company formed for the purpose. Bellwinch has also acquired the private housebuilding interests of Mr Ronald B. King and Mr George J. Webb, managing director and sales and production director respectively, of Roger Malcolm.

UNITED GUARANTEE (Holdings) is to omit the final dividend for 1984 to leave the total for the year at 0.5p, down from 0.75p, despite more than doubled taxable profits of £156,538 against £70,864. After a tax charge of £74,955 (credit £21,285) earnings per share fell from 1.623p to 1.437p. Turnover slipped from £14.24m to £12.32m, and interest payable was reduced from £140,105 to £90,000. Main activity is the distribution of fuel and heating oils.

WINDSOR Securities Holdings' chairman, Mr John Carr, said yesterday that the new board's intention was to expand significantly its activities in the specialised field of international insurance and reinsurance broking at Lloyd's, through the implemention of a programme, which will include the amalgamation of Lander Investment with the company, and the acquisition of further companies. As announced at the extraordinary meeting, the vendor of one company in negotiation with Windsor confirmed its willingness to continue negotiations with a reconstituted board. Contact has been made with the principal of the other company with which board was in negotiation.

INSPECTORATE INTERNATIONAL has obtained 53.38 per cent of Resource Technology and has declared its offer unconditional as to acceptances.

R. CARTWRIGHT (HOLDINGS) last night struck a new blow in its attempt to fight off a £12m bid from Newman Tonks, a fellow building products company. In a formal rejection of the Newman offer, Cartwright told its shareholders that its record since 1980 was vastly superior to that of Newman Tonks. It repeated an earlier forecast of record pre-tax profits and earnings per share for the year to December 1985.

NEWMAN-TONKS GROUP has sold its Nottingham based subsidiary NT Controls to Pegler-Hattersley for a cash consideration of approximately £1m.

RIDAT Engineering has gone into liquidation with Mr Gerry Boon, a partner in Spicer and Pegler, being appointed liquidator. The company is a major supplier of blister packaging machinery and had a turnover last year of about £1m. The liquidator is continuing to trade with a view to sellin gthe business as a going concern.

UNITED MEDICAL Enterprises, the healthcare services company owned by London and Northern Group, has set up a company in Hong Kong, Umedco (Far East), which will specialise in the provision of hospital supplies and equipment.

Last independent tea company goes to Fitch in £1.7m deal

BY CHARLES BATCHELOR

ONE OF the best-known names in the up-market tea business, Jacksons of Piccadilly, has changed hands in a £1.7m deal announced yesterday. Fitch Lovell, the food manufacturer and wholesaler, has bought the privately owned Robert Jackson and Company.

Fitch has been acquiring companies at a rapid rate over the past year or so since it sold its Key Markets chain of supermarkets for £45m to Linfood—now Dee Corporation — as part of its defence against the unwelcome £72m takeover bid launched by Linfood in September 1982.

Mr Geoffrey Hankins, Fitch chairman, said: "We think there is a lot more scope to increase exports by Jacksons and more scope to increase their range of products at home. Apart from teas they do some preserves. We could go into the marmalade market but the product has to be good."

Fitch, which has distributed Jackson's teas for many years, has bought the company from a faimly trust formed by a cousin of Lord Camoy,s chief executive of Barclays de Zote Wedd, the recently created financial services group. Lord Camoys was himself a smal lshareholder and director of Jackson.

Jackson began life as a grocery business in the nineteenth century and was bought by the Camoys family in the 1930s. The company decided to shut down its five stores in south eastern England during the mid-1970s. With the stores went the royal warrant first granted by Queen Victoria and maintained by the company as grocery suppliers to the present Queen.

Since the closure of the stores Jackson has been mainly engaged in the purchasing and packaging of specialtiy and herbal teas.

The purchase will protect Fitch's distribution agreement with Jackson which might have been at risk of the tea group had been bought by a rival food distributor.

This purchase comes less than three months after Fitch paid £13m for Trent Meat Company.

"We have got out of 11 areas and 14 companies recently," said Mr Hankins. "We have the money and we want to broaden our base again. We are talking with six or seven people about further acquisitions at the moment."

Fitch is paying £324,000 cash for Jackson, £381,000 in the form of 184,700 shares and £982,000 in the form of newly created unsecured loan stock 1986-95.

The loan stock will be interest-free until March 28 1986 and will then bear interest at 1¼ per cent below the six-month London inter-bank bid rate.

Fitch will now make a cash offer to the holders of the 50,000 issued 7 per cent cumulative preference shares at 75p per share—a total of £37,500. Irrevocable undertakings from the holders of 92 per cent of the preference shares have already been given.

Mr C. Willsher, the Fitch executive in charge of its specialist grocery division, has become chairman of Jackson.

Jackson is the last of the main independent tea companies to become part of a broadly based food group. Twinings is part of Associated British Foods: Ridgways belongs to Tate & Lyle while Liptons is part of Unilever.

600 Group's £6.5m buy

THE 600 Group has purchased for a cash consideration of US$8.5m (£6.5m) the net assets, which it does not already own, of the Industrial Distribution Group (IDG) of Clausing Corporation of Michigan, a subsidiary of Rexnord Incorporater.

The main business of IDG is the distribution of machine tools throughout the U.S., including certain of 600 Group's own products, in particular, Colchester lathes, Edwards sheet metal and plate working machinery and Pratt workholding equipment. In addition, IDG manufactures the Clausing range of drill presses and also machine too spares at freehold premises in Kalamazoo, Michigan, and has a specialist service and spares centre in Goshen, Indiana. The Clausing name is included in the purchase.

Prior to this acquisition, 600 Group already had partnership interests with IDG and at June 30 1984, the last full year accounts of IDG, the net assets not owned by the 600 Group amounted to US$7.8m (£6m). The profit before tax of IDG, excluding that attributable to 600 Group, was $1.2m (£0.93m) for the year.

The purchase of IDG will enable the 600 Group to further develop the sales potential of the U.S. market for the existing IDG range of machine tools

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CONTRACTS

£8m hospital work for John Laing

JOHN LAING CONSTRUCTION has won hospital building worth over £8m. Largest is a £4.42m contract for a geriatric hospital on the north-west coast, awarded by the North-West Regional Health Authority. The Fylde Hospital site lies close to the sea front at St Annes and with planned landscaped sand dunes is designed to be in keeping with the area. When completed it will have four wards in two-storey blocks, a single-storey day/rehabilitation unit, single-storey service block, boilerhouse and substation. Completion is scheduled for October, 1987.

Two further contracts, worth a total of almost £3.7m, are for hospital extensions. Work has started on the £2.25m contract for a sterilising and disinfectant unit at Fairfield Hospital at Bury, awarded by the North-West Regional Health Authority. The contract includes a kitchen and dining block with associated communications area. Work will be completed in April, 1987.

The second contract, worth £1.43m, has been awarded by the Welsh Health Technical Services Organisation. It is for Phase 1A at Wrexham District General Hospital. The ground floor of the two-storey extension will house an orthopaedic out patients' department and the first floor a gynaecology ward for 50 beds. Included is an extension of the X-ray department providing a further three radio-diagnostic rooms. Work will be completed in October, 1986.

★

WALTER LAWRENCE (CITY) has started work on the £2m refurbishment of the teaching kitchens at Westminster College, for completion within 33 weeks, on behalf of the Inner London Education Authority. Work, which will be confined to the areas of the College directly associated with the kitchens, will be restricted on the whole to the interior of the ground and first floors of the building.

★

EDMUND NUTTALL has been awarded a number of contracts shared evenly between its operations in the north west, the east and the south. Total value is over £3m.

★

British Alcan Sheet has appointed **RDL ENGINEERING SERVICES**, Kenfig, West Glamorgan, as consultants and project managers for an expansion programme relating to induction melting and casting at the works at Rogerstone, Newport. The project includes process and plant, main and ancillary buildings, offices and amenities, site services, water, gas and electricity, building services, storage silos, conveyors and transportation, structures, foundations and drainage. Construction is expected to start in September at an estimated cost of £2m.

★

An order worth about £3m for an air traffic control training simulator has been awarded to **SOLARTRON SIMULATION** by the Australian Ministry of Defence, for installation at the RAAF School of Air Traffic Control at East Sale, Victoria. Delivery is scheduled for early in 1987. Solartron is a subsidiary of Schlumberger. Operating in a local area network, the company says this system will be the most advanced training simulator of its type anywhere in the world.

★

FAIRCLOUGH BUILDING has been awarded management contracting projects—worth in total around £3.8m—with Racal-Vodafone and The Boots Company. For Racal-Vodafone, Fairclough will design and construct building works on about 40 sites in the North-west and Midlands to expand the company's radio telecommunications system, currently operating only in the South. The Boots project involves creation of new feature sales areas—such as sound and vision, sports, foodcentre, optical or coffee shop—within existing stores throughout the company's Midlands region. Fourteen branches will be involved during the 52 week programme.

Fairclough Scotland is to build a modern office block in Victorian external style on the site of the former Bath Hotel in Glasgow, to fit in with the existing terrace and preserve both symmetry and detail of the earlier frontage, with matching windows and natural stone facings. Completion is scheduled for the end of September, 1986. The building has been specially designed for Glasgow solicitors, MacRobert Son & Hutchinson (at present in two separate locations in the City) to provide purpose-built lawyers' offices. The development costs, in the region of £2m, are being funded by Sun Life Assurance of Canada. When completed, the building is to become an investment for SLAC.

★

IDC, Stratford-upon-Avon, has been awarded a contract worth about £2.7m by Micross Properties, a wholly-owned subsidiary of Arbuthnot Properties, for the design and construction of industrial warehouse units and office facilities at Brent Cross, London. Units 1 and 2 will offer 2,800 and 3,000 sq metres of space respectively. The 1,400 and 330 sq metre offices to both units will be two-storey. Unit 1 will be environmentally controlled via ceiling space mounted reversible heat pumps providing heating or cooling. Work is scheduled for completion in November.

★

WIMPEY INTERNATIONAL is to demolish and reconstruct 90 metres of the marginal wharf's superstructure at the Port of Matarani, Peru, under the tems of a £1.16m contact placed by Empressa National de Puertos SA. Wimpey will work on the nine month contract in joint venture with Peruvian contractor Cousa.

★

WALTER LILLY & CO., a Lovell company, has won two alteration and refurbishment contracts in the City of London, together worth £1.5m. At 120 Cheapside, EC2, Lilly Special Works is carrying out office alterations for J. Henry Schroder Wagg & Co. This involves stripping out third floor accommodation of about 1,250 sq metres and reinstating to form a commodity dealing floor. The contract, valued at £620,000, is planned to be completed in 18 weeks.

The other contract, worth £890,000, involves two properties at 41 and 43 Trinity Square, EC3, being altered and refurbished on behalf of Arundell House Securities (City). At Wakefield House, 41 Trinity Square, alterations and refurbishment will provide offices with a gross floor area of 540 sq metres. At The Parish House, 43, Trinity altering and refurbishing the ground to the third floors provides a residential property with a gross floor area of 710 sq metres. Both should be finished in 47 weeks.

Llewellyn has £4.1m housing projects

LLEWELLYN CONSTRUCTION has been awarded a contract by the Milton Keynes Development Corporation for 153 homes at Crownhill, Milton Keynes, worth about £4.1m. The homes are a mixture of single, two and three storey houses the bulk of which are of timber frame construction. Work starts in August with a phased completion by January 1987. Walter Llewellyn and Sons has a contract for 25 houses and 16 flats at Battersea Triangle worth about £2.3m, and another for a further 33 timber framed three and four bedroom houses at Manordene, Thamesmead for the GLC, worth more than £1m. Both these contracts have started. A contract for alterations and refurbishment to the Kent and Sussex Hospital is worth nearly £2m. Completion is due in March 1987. Just started is the town centre redevelopment at Ashford for Town and City Properties worth about £4.5m, this is due to be completed in October 1986.

Wimpey builds gas field base

Arco Oil Producing Inc, a subsidiary of Atlantic Richfield Company, and **WIMPEY MARINE BASES** have signed an agreement whereby Wimpey Marine, as developer, will design and construct an offshire support base in Great Yarmouth and, on completion, lease it to Arco for a minimum of 20 years. The projected date of occupation is March 1, 1986. The base is seen as a significant development on Wimpey Marine's property. The site, about five acres, is at the northern end of Wimpey Marine's Suffolk Road premises. The base will comprise an office block (about 10,000 sq ft), a warehouse (about 15,000 sq ft) and secure open storage facilities. It wil be used by Arco in support of its gas production operations in the Thames, Bure and Yare fields, and its exploration drilling activities in the southern basin of the North Sea. Production of the first gas should commence in the last quarter of 1986 and it will be brought ashore by a new pipeline into Bacton. It is believed the contract value is in the region of £3m.

★

Exeter-based **CLARKE CONSTRUCTION**, building subsidiary of the Clarke Group, has won a "Licence to Build" contract worth £710,000 under which it will build and sell 34 houses in Kingsbridge, Devon, in partnership with the local South Hams District Council, which is providing the site. Under the agreement, Clarke Construction may sell a house solely to a buyer nominated by the council and the council will sell the plot of land on which it is built to the same buyer on completion of the house sale. This scheme enables the council to offer discounted land prices to first-time buyers who currently cannot afford to buy in the open market. The council is able to meet these local housing needs without capital expenditure and the builder, Clarke Construction, does not have the expense of acquiring land or the complications of planning permissions. The council is able to re-invest the receipts from the sale of the plots.

★

CENTRONIC, a subsidiary of First Castle Electronics, has won a contract to manufacture SIMGAT, a helicopter weapons effect simulator for the Ministry of Defence. Estimated value is over £800,000.

★

ENVIRONHEAT, Northampton, has won a £250,000 contract to supply air conditioning equipment for Shell Mex House, London headquarters of Shell Oil. The contract was awarded by Matthew Hall Mechanical & Electrical Engineers.

FT COMMERCIAL LAW REPORTS

Matrimonial home is not 'established place of business' for inactive company

Re ORIEL LTD

Court of Appeal (Lord Justice Oliver, Lord Justice Mustill and Sir Denys Buckley): June 28 1985

UNREGISTERED charges created by a foreign company over property situated in England are not void as against its liquidator and creditors if, at the time of their creation, the company had no "established place of business" in England; and the matrimonial home of the company's directors does not constitute an established place of business unless the company is active in England and its business is conducted habitually or with some degree of regularity from that address.

The Court of Appeal so held when allowing part of an appeal by Continental Oil Co Ltd (Conoco) from Mr Justice Mervyn Davies's decision *(FT, March 2 1984)* that unregistered charges made in its favour by Oriel Ltd, an Isle of Man company, were void as against Oriel's liquidator and creditors for lack of registration in the UK

Section 95(1) of the Companies Act 1948 provides: "Every charge . . . by a company registered in England to which this section applies shall . . . be void against the liquidator and any creditor of the company, unless . . . registered."

Section 106 provides that those provisions "shall extend to charges on property in England which are created . . . by a company . . . incorporated outside England which has an established place of business in England."

* * *

LORD JUSTICE OLIVER said that Oriel was incorporated in April 1978 in the Isle of Man. It was under the control of a Mr Plumpton and his wife, the only two directors. The resided at Bridge House in Wigan.

Prior to Oriel's formation Mr Plumpton had agreed with Conoco to bring Oriel into being, with a view to its acquiring and operating a number of garage sites in England.

He had arranged to borrow £120,000 from Conoco to be applied in the acquisition of seven garage sites in Lancashire, from which Conoco's fuels and oils would be retailed on an exclusive basis.

On August 4 1978 three sites at West End, Park Lane West and Hindley Central were acquired by Oriel and charged to Conoco to secure £15,000, £20,000 and £15,000 respectively.

A site at Union Bridge was acquired on January 14 1979 and charged to Conoco to secure £20,000. On July 20 1979 three further sites were acquired, the Holland Street, Castletown and Milnrow garages, and charged to secure £10,000, £15,000 and £25,000 respectively.

All seven charges were duly registered in the Isle of Man. No registration at the companies registry in England was effected. The view was taken that since Oriel was not English, such registration was not necessary.

In September 1981, Mr Plumpton and Conoco having fallen out, Conoco purported to call in its loans and presented a petition to wind up Oriel.

A winding up order was made and on May 13 1982 a liquidator was appointed. Conoco was the major creditor.

On April 7 1983 the liquidator issued a summons in the winding up, contending that although Oriel was a foreign company, section 95 of the Companies Act 1948 applied.

Section 95 required registration of charges created by companies registered in England. It had to be read in conjunction with section 106 whihc provided that it extended to charges created by a company "which has an established place of business in England."

An "established place of business" was some more or less permanent location, not necessarily owned or even leased by a company, but at least associated with it and from which its business was conducted habitually or with some degree of regularity.

Mr Justice Mervyn Davies found that Oriel had an established place of business at Bridge House, the Plumptons' residence. Mr Bannister, for Conoco, submitted that there was no material from which such an inference could be drawn.

Neither Mr nor Mrs Plumpton gave evidence and there was no material such as minute books or records, from which it was possible to ascertain how Oriel's internal affairs were conducted.

What was established was that Oriel itself did not conduct any trading activities, did not have any employees or a bank account, and never made up or published any accounts. It acquired the sites, which were simultaneously charged to Conoco, and at the same entered into solus petrol supply agreements in relation to each site.

At each of the garages the business of purchasing and selling fuel was actually conducted by Mr Plumpton personally trading as "John Plumpton Garages" or "John Plumpton Garages Ltd."

There was no evidence that Oriel had conducted any activity in England at all prior to August 4, 1978.

The fact that Bridge House constituted Mr Plumpton's private residence did not prevent it from being Oriel's established place of business. But it was quite a different thing to assert that the mere presence of its directors at their residence, followed by its entry into a transaction elsewhere, constituted the residence an established place of business.

There was no material from which the judge could properly have drawn the inference that Oriel had an established place of business "very soon after its incorporation." So far as the first three charges were concerned, the appeal should be allowed.

With regard to the remaining charges, Oriel's memorandum of association authorised it to carry on the business of garage proprietor and to acquire land. It did acquire and hold properties, and was therefore engaged in carrying on business.

The question was not whether it was carrying on business, but whether, for the purposes of section 106, it had "an established place of business" in England.

It was necessary to consider each charge at the date it was entered into and whether the evidence justified an inference that there was an established place of business when it was created.

That meant not merely a plot of land at which a business activity was carried on, but a place at or from which the company's business was habitually carried on or effected.

When the Union Bridge charge was created on January 14 1979, Oriel had acquired and held the first three sites for some four months. But although it was the passive receptacle for the legal estate of those sites and legally responsible for repayment of the sums charged, they were not the established place from which Oriel's business of holding sites was carried on.

There was really no evidence that between August 4 1978 and January 14 1979 Oriel did anything at all.

In those years it was treated by the local rating authority as the rateable occupier of the garage at Haydock, demands being addressed to Oriel at Bridge House. But that by itself did not evidence the establishment of its place of business at Bridge House.

Oriel's directors lived at Bridge House and at some time prior to January 14 1979 they conceived and made arrangements somewhere with somebody for the Union Bridge site to be conveyed to Oriel and to be charged to Conoco.

It was accepted that a limited company's thoughts, plans and ambitions could occur only in the minds of its directorate, but that inescapable triumph of nature over legal theory could not by itself convert the directors' matrimonial home into the company's established place of business.

The burden lay on the liquidator to establish that the requirements of section 106 had been fulfilled. That burden had not been discharged in the case of Union Bridge, and the appeal would be allowed as to that site also.

Oriel's activities in relation to the remaining three sites were on a rather more extensive scale.

First, on February 15 1978 Oriel, as landlord, entered into a lease of land at Milnrow Road; second, on March 5 1979, it was granted a petroleum licence for Union Bridge; third, in February 1979 and March 1979 respectively, it applied for and was granted petroleum licences for Hindley and Holland Street; fourth, in 1980, solicitors were instructed on its behalf and an action was commenced against Conoco claiming £25,000 unpaid rebate.

The action came to nothing. Nevertheless, it was significant as an indication of Oriel's own view of its position at that time. The proceedings were explicable only on the footing that Oriel (through Mr Plumpton) considered that the trading at the garages during the time covered by the claim, was being carried on by Oriel.

In relation to the charges entered into on July 20 1979, there was evidence from which an inference could be drawn that Oriel had an established place of business at Bridge House. As far as it concerned those charges, the appeal would be dismissed.

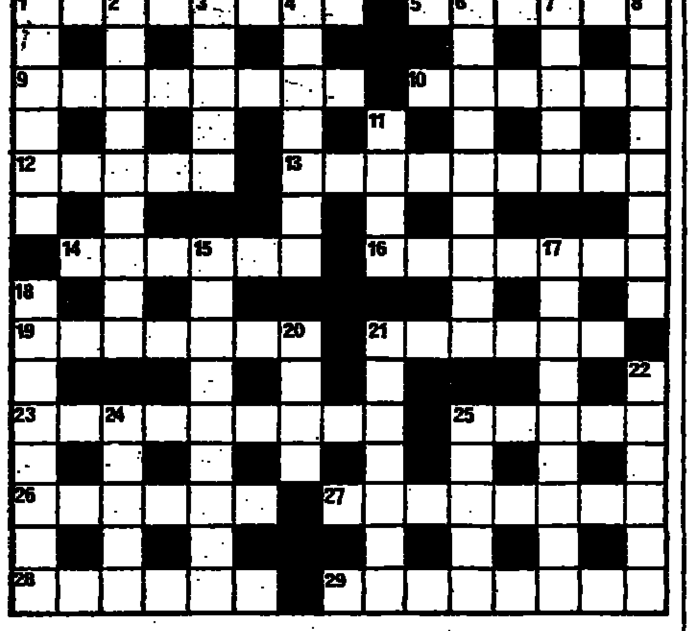
Lord Justice Mustill and Sir Denys Buckley agreed.

For the liquidator: W. A. Blackburne QC (W. F. Prior and Co.).

For Conoco: E. A. Bannister (Frank Purdy).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,758



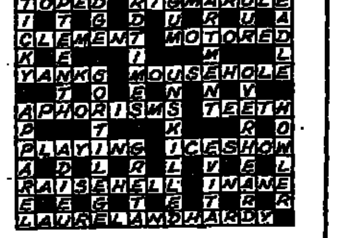
ACROSS

1 Wolf-like descendant? (8)
5 Sixth century hill hero (6)
9 Excellent club for a meeting, of course (8)
10 Car driver liable for duty (6)
12 Prompt about going on day-shift (5)
13 Time was when the old-fashioned strayed all over the place (9)
14 I am in pursuit in a carriage (6)
16 Commuter's place in life? (7)
19 Book covering part of N. Africa (7)
21 Reveal speculation on a source of light (6)
23 Union with no money interest in tennis perhaps (4, 5)
25 A rich sort of job for a professor (5)
26 Time to steer a different way (6)
27 Issued with both the name and date wrong (8)
28 Characteristics begin holding one back (6)
29 Outcome of the grain harvest (6, 2)

DOWN

1 Anticipates a guru's breakdown (6)
2 Her mascot makes the front cover (9)
3 A rough dowry that's arranged (5)
4 Churchman gets a pass, yet goes astray (7)
6 Not like Pussy's Owl to entangle one in knots (9)
7 Weary, tried a new way (5)
8 Encircled ally staging a revival? (8)
11 Doesn't neglect established practices (4)
15 Living man (9)
17 I can't earn redress, as the race was easily won (2, 1, 6)
18 Author takes fish without permit (8)
20 A hot-tempered expression (4)
21 Country that is not a party to the convention (7)
22 This poet makes uninteresting study (6)
24 She's a match for anyone (5)
25 You can put it on a horse that's a sure thing (5)

Solution to Puzzle No. 5,757



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd	59.8	63.6	-0.1	3.580
Accum Units	88.4	94.0	-0.1	3.580
Pearl Inc	84.8	90.2	+0.1	5.12
Pearl Unit Tst	89.2	93.8xd	+0.1	4.27
Accum. Units	149.2	158.7	+0.2	4.27

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames 0491 576868

Growth	177.1	190.2	-0.2	1.49
Income	132.3	141.7	+0.8	5.42
Worldwide Recovery	101.3	108.7	-0.3	2.10
American Growth	56.9	61.1	-0.5	0.65
Intl. Emerging Cos.	56.6	60.8	-0.08	0.77
Far East Growth Fd.	46.4	49.8	-0.4	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	101.6	108.9	-1.2	0.32
Prolific Extra Inc	59.2	63.7xd	+0.4	6.11
Prolific Gilt Cap.	80.0	83.2	+0.5	3.31
Prolific High Inc	120.8	129.9	+0.6	5.67
Prolific Inc	83.1	89.0	-0.3	1.55
Prolific N. Amer.	118.0	126.4	-0.2	1.55
Prolific Spec. Sits	131.7	141.6xd	+1.2	1.82
Prolific Technology	102.5	109.8	-0.8	0.71

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.8	51.7	-0.2	0.00
Worldwide	47.7	50.5	-0.3	1.43
European Trust	47.8	50.6	-0.2	1.70
North American	51.9	55.0	-0.6	2.06
UK Equity	47.7	50.5	+0.1	4.04

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	305.1	324.5	+2.0	3.81
Holborn Gilt Tst.	149.6	156.6	+0.8	8.98
Holborn High Inc	52.4	55.7xd	+0.1	7.55
Holborn Inc	59.6	63.4	-0.4	0.56
Holborn UK Growth	60.5	64.3	+0.2	3.37

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	97.9	104.2	-0.8	1.19
Do. Accum	100.7	107.2	-0.9	1.19
TSB Extra Income	83.0	88.3	+0.1	6.53
Do. Accum	92.4	98.3	+0.3	6.53
TSB General	112.8	120.0	+0.9	3.50
Do. Accum.	179.9	191.3	+1.3	3.50
TSB Gilt & Fxd Int	46.7	48.7	+0.2	9.48
Do. Accum	56.3	58.7	+0.2	9.48
TSB Income	153.9	163.8xd	+1.0	5.16
Do. Accum	232.1	247.0	+1.4	5.16
TSB Pacific	103.9	110.6xd	-1.2	1.06
Do. Accum	106.5	113.4	-1.2	1.06
TSB International	227.2	241.8	-1.3	1.91
Do. Accum	276.6	294.3	-1.5	1.91
Natural Resources	44.5	47.4	-0.2	2.57
Do. Accum	44.9	47.8	-0.3	2.57
TSB Sictd. Opps.	44.3	47.2	+0.2	2.77
Do. Accum	47.4	50.5	—	2.78

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	67.2	72.9	-0.3	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	67.4	72.1xd	+0.3	0.26
Australia	26.4	25.2	-0.6	0.10
Commodity	92.0	98.9	-1.5	1.75
Energy	41.2	44.1xd	-0.3	0.79
Equity	92.4	98.6xd	+0.6	4.02
European Spec. Sits.	49.6	53.0	-0.6	0.94
Extra Income	87.4	93.5	-0.4	7.75
Financial	189.7	202.3xd	-2.2	3.05
Gilt Capital	214.3	224.4	+1.2	3.29
Gilt Income	100.8	105.6	+0.4	9.97
Gold Income	60.0	64.2	-1.0	2.38
Gold Acc.	108.5	116.0	-2.0	2.38
Income	55.6	59.8xd	+0.7	6.26
Japan	44.4	47.4	-0.3	0.10
Malaysia & Singapore	24.2	25.8	-0.7	1.14
Pacific Income	66.0	70.6	-1.1	0.88
Pacific Pe Inv	80.0	85.6	-1.1	0.88
Preference Share	15.6	16.9xd	-0.3	10.05

[illegible]

INSURANCES

[illegible]

هكذا صدر الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a Boulevard Royal Luxembourg
Worldwide Gth Fd ... $17.80

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal Luxembourg

Money Market Trust Funds

The Charities Deposit Fund
77 London Wall London EC2N 1DB 01-588 1815

The Money Market Trust
63 Qn Victoria St EC4N 4ST

Oppenheimer Money Management Ltd
66 Cannon St EC4N 6AE. 01-236 1425

Money Market Bank Accounts

	Gross	Net		
Adam & Co. plc 22 Charlotte Sq Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	12.25	8.75	13.09	Qtr
Aitken Home 30 City Road, EC1Y 2AY. 01 638 6070				
Treasury Acc	12.375	9.25	13.87	Qtr
Mth Int Chq	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc	11.50	8.59	12.77	Mth
Barclays Prime Account PO Box 125 Northampton 0604 252891				
High Int Cheque	12.00	8.875	13.29	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01 588 2777				
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.25	9.18	13.89	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth

NOTES

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Midland Bk	30
BAT	32	NEI	8
BOC Grp	25	Nat West Bk	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	60	Brit Oil & Min	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst	17½	Charterhall	6
Hawker Sidd	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	50	Charter Cons.	18
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Tea pact talks open in Rome

By James Buxton in Rome

REPRESENTATIVES of more than 35 countries which produced and consume tea began meeting in Rome yesterday amid hopes that progress might be made towards an international teat agreement to stabilise prices and production.

The meeting is the biennial gathering of the intergovernmental group on tea which will be in session at the UN Food and Agriculture Orgonaisation (FAO) all this week.

The delegates to the meeting will review the present situation on the production, pricing and sale of tea and make recommendations.

It is not expected that a tea agreement could be achieved at the Rome meeting.

But there have been indications that the major tea producers, India and Bangla'sh, and important consuming countries such as Britain are all in favour o fan agreement. On the other hand fast rising new producers such as Kenya where production is growing are not in favour of an agreement which fixed production quotas.

Our Commodities Staff writes: Tea prices continued their slow decline at the London weekly auctions yesterday. The indicative quotation for medium grade quality tea was cut by a further 10p to 140p a kilo, while low medium quality teas fell by 5p to 105p. There was no quotation this week for quality teas.

The London Tea Brokers' Association reported that there were 31,333 packages on offer at this week's sales, including 5,200packages in the offshore section. There was only fair demand, which weakened as the sale progressed.

Selected good liquoring Africans held steady bu the remainder opened 5p easier and closed 10p lower with some teas neglected. The few brightest Ceylons opened firm but these and other descriptions were 10p down by the close.

Offshore teas came in for limited enquiry at easier and there were many withdrawals.

Tin markets curb may end this week

BY JOHN EDWARDS, COMMODITIES EDITOR

AN UNEASY calm stlled over the tin market yesterday as the restriction imposed by the London Metal Exchange last week on the cash price premium continued to discourage dealings. It is hoped that the restriction limiting the amount paid for "borrowing" for one market day to £90 a tonne may be lifted later this week following the breathing space provided for traders with outstanding "short" (sale) positions that they were unable to deliver. Some big shipments of tin are expected to reach LME warehouses this week and help relieve the shortage of supplies. However it is feared that another "squeeze" on the market could develop again in August.

Copper prices lost ground following a rise in LME warehouse stocks for the second week in succession. It is believed supplies of copper have been attracted to Europe from the U.S. by the recent premium prices on the London Metal Exchange compared with those in New York, where a generally pessimistic outlook has depressed values. The higher grade copper cash price in London yesterday closed £15.75 lower at £1,077.25 a tonne, while the three months quotation was £11.25 down at £1,087 before rallying on the late kerb to £1,092 as sterling eased.

Traders said there was a general reluctance in New York to take positions prior to the two-day Independence holiday closure at the end of the week.

Aluminium prices were easier in spite of the decline in warehouse stocks. Some traders had been anticipating a larger fall in reactio nto last week's sudden jump in stocks and the decline in prices to the lowest level since early 1983.

The fall in zinc stocks was in line with expectations and failed to stop prices easing. In contrast the sharp rise in nickel holdings initially depressed prices but the market then rallied to close on a marginally higher note.

Silver values in sterling terms fell to the lowest level for over 2½ years, depressed by the dull trend in gold and the further rise in LME stocks.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during the week ending June 28)

		tonnes
Aluminium	−750 to	121,750
Copper	+5,475 to	114,300
Lead	−325 to	35,625
Nickel	+1,830 to	5,568
Tin	+75 to	22,950
Zinc	−2,950 to	34,750
		ounces
Silver	+330,000 to	50,516,000

Timber talks stalled

BY WILLIAM DULLFORCE IN GENEVA

THE INTERNATIONAL commodity agreement on tropical timber baulked at its first hurdle last week, when 34 producing and consuming countries failed to agree on a location for the headquarters of the organisation to run the agreement and on an executive director to head it.

The Tropical Timber Council, adjourning its meeting on Friday after 11 days of fruitless discussion, asked the secretary general of the United Nations Conference on Trade and Development (Unctad) to arrange for the resumption of its session sometime in November.

Of the eight candidates to host the organisation three—Athens, Brussels and London — withdrew before voting started. Paris followed suit after the first ballot but none of the remaining four—Amsterdam, Jakarta, Rio de Janeiro and Yokahama — could subsequently command the required combination of more than half the producer countries' votes and more than half the consumer countries' votes.

An executive director will only be chosen after a site for the headquarters of the organisation has been selected.

Exporters attack Brazilian coffee plan

By Our Commodities Staff

BRAZILIAN COFFEE traders have protested against the Government's new plan to require exporters seeking export licences to deposit an equivalent amount of coffee with the Brazilian Coffee Institute (IBC) for 90 days.

In a statement, the Rio de Janeiro Coffee Trade Association said the plan would impose an "insupportable burden" on the trade. Traders' objections arise from the fact that they will themselves have to pay transport, handling and insurance costs for the stocks.

The IBC confirmed the plan on Friday night. It also confirmed its forecast of this year's crop at 29.5m bags (60 kilos each) and opened green coffee export registrations for July to September, with an initial quota for sales to members of the International Coffee Organisation totalling 2.15m bags.

Minimum export prices have been cut, but export taxes have been raised. As a result roasters will be paying unchanged prices for their beans.

● STERLING'S advance against the dollar and heavy tendering of physical supplies against long positions in the expiring July contract combined to push coffee prices lower on the London futures market yesterday. The September position declined to £1,912 a tonne, adding £52 to last week's £90.50 fall.

Background sentiment continued bearish in the absence of any immediate fears of frost in the Brazilian coffee belt.

● MORE THAN 20,000 hectares of rubber and palm oil estates have been destroyed by bush fires in northern Sumatra, Indonesia. In addition many thousands of hectares of cloves gardens have also been destroyed.

Government officials say that, so far, attempts to put out the fires — caused by prolonged drought and exceptionally high temperatures — have failed. Northern Sumatra is the centre of Indonesia's plantation estates and officials are worried the fires could spread to a much wider area.

Farmer's viewpoint: by John Cherrington

Looking after little brother

IN a policy statement issued some time ago, the National Farmers Union (NFU) committed itself to the proposition that the basis of British farming should be the family farm. A few paragraphs later it contradicted this by saying that it would not recommend statutory limitation of farm size. This ambivalence has exasperated the Smallfarmers' Association and the Farmers Union of Wales, both of which claim to represent smaller farmers. It has also produced an angry reaction from some NFU branches.

Now the union has thrown the ball back to its members by issuing a green paper setting out the situation and asking them to suggest which policies should be adopted. It has stressed that any policies should be compatible with current EEC rules and also that they should not be such as to encourage increased output of products already in surplus. The union has also suggested that members might be willing now to consider statutory limitation of farm size.

The term "family farm" is almot impossible to define becaus eholdings run by a family can run to hundreds of acres. The official definition of a small is one that will provide the occupier with sufficient work for one man for 250 days a year. But by this criterion half the 186,000 holdings in England and Wales do not even qualify as small farms.

The term "holding" is also imprecise because several holdings registered separately can be run by one occupier.

The pressure on the NFU to protect the smaller farmer is not due to the evidence of statistics but to an emotional reaction among farmers who feel threatened by the increasing concentration of farming into fewer and fewer hands. In this respect the evolution of British farming over the last two centuries has been entirely different from that in Europe.

The British have had no Napoleonic code, which still enforces the division of a dead farmer's property between his family. Also British farming was in a vertual state of slump between the repeal of the corn laws in 1848 and the outbreak of the 1939 war. During this period those who survived did so mainly by enlarging the scale of thhier holdings and passing them intact to their heirs—a process interfered with only during the last few years of the period by the imposition of death duties.

During the period the European farmer was largely protected by tariffs and in consequence was able to survive on a much smaller acreage than was possible in Britain. So their numbers gave them considerable political power which they were not backward in using. This has not in general led to special measures for the smaller farmer but rather to creating conditions for the survival of the great majority of holdings.

The measures have taken many forms. In Germany industrdy has been moved into the countryside so that farmers can work part-time. In France there is the loi des cummules which restricts the growth of farm business. In Denmark no one can buy more than 100 hectares of land. The interesting point about these measures is that they are accepted as right by most European farmers, who don't sem to be subject to the expansionist lusts that can be observed among many British farmers.

Until recently, in fact, there was encouragement for farm amalgamation in Britain, initiated by a Labour Government, and that processing is still continuing, when a holding is divided for sale. If a farmer retires he is advised that the farm should besold in several lots. The house will be sold at a good prices to a commuter and neighbours will buy the separate parcels of land toenlarge their own holdings. The property will probably make more in this way than if sold in one block.

It is doubtful if there is any scope to help smaller farmers by introducing two tier pricing, or even by extending hill and least favoured area subsidies. It is important to note that the measures mentioned above are not specifically designed to help smaller farmers alone but to maintain a politically acceptable limitation of farm size. They must also be acceptable within EEC rules. There is no reason why they should not be applied in Britain, however. The reason they haven't been is that there has not been a demand for them among British farmers, each of whom has within him the desire to farm several times the acreage he started with.

But now, with small farms are falling in number, there may be a change of mood.

Tax moves anger Australian farmers

BY MICHAEL THOMPSON-NOEL

MORE THAN 20,000 farmers staged a mass rally on the lawns of Parliament House in Canberra yesterday — the Australian capital's biggest-ever protest demonstration.

Although international developments are worrying Australia's farm leaders the protesters' target yesterday was the tax reform package proposed by Mr Bob Hawke's Labor Government.

Farmers are angry at plans to introduce a capital gains tax and claim that the tax package will furher distort farm costs. They are especially concerned at the prospect of a 12.5 per cent consumption tax (similar to VAT) on all goods and services.

Instead, they want a strict rein on Government expenditure, removal of existing taxes and charges on farm inputs (including fuel), and greater flexibility in wage-settling processes.

Although Australia is a major farm exporter her population is heavily urbanised, leading the farmers to believe their cause is ignored. In addition, many farmers struggle to eke a living on marginal properties. Drought, which two years ago devastated the farm sector, is once against rampant in New South Wales.

According to the National Farmers' Federation: "Government meddling, unfair taxes, and massive protection of other industries is hobbling agriculture by increasing the average costs of each farm by about A$1,000 (£8,000 annually." The figure is disputed by the government.

At present, claim the farmers, Government charges and protection of other industries is costing agriculture nearly A$4bn a year.

Mr Hawke, who is hosting a tax summit in Canberra this week, ventured bravely among the demonstrators yesterday. He told them that Labor had ruled for only a small fraction of the post-war years, so that the blame for their troubles lay with the Liberal-National Party Coalition. He was howled at and jeered.

Although it has won pladits for deregulating the financial markets, Labor know it now has a major problem in placating the farm sector—particularly at a time when the Government is pressing for controversial tax reform.

Velcourt to sell chemicals subsidiary

VELCOURT, the British farm management company, has decided to sel lits agrochemical subsidiary Velmark to another chemical company, John Hill (Hops), in a deal worth up to £500,000.

Velvourt, which manages farms in partnership with financial institutions such as Hill Samuel, acquired Velmark as part of its 1983 purchase of Stokes Bomford Holdings. It had wanted to sell the company for some time.

Mr Robin Malim, Velcourt chief executive, said: "We see ourselves as farmers. (Wth Velmark, in effect we found ourselves trying to retail agrochemicals to people who were our competitors. That's clearly nonsense."

LONDON MARKETS

BASE METALS

LME prices supplied by *Amalgamated Metal Trading*

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	759-.5	−7	—
3 months	781.5-2	−7.5	—

Official closing (am): Cash 755-.5 (771-2), three months 777.5-8 (794.5-5), settlement 755.5 (772).

COPPER

Higher grade	Unoffic'l close	+ or −	High/Low
Cash	1077-.5	−15.75	—
Three m'nth	1087-.5	−11.25	—

Official closing (am): Cash 1,076-.5 (1,100-.5), three months 1,087-8 (1,108.5-7.5), settlement 1,076.5 (1,100.5).

Cathodes			
Cash	1058-60	−18.5	—
Three m'nths	1074-6	−12.5	—

Official closing (am): Cash 1,059-61 (1,082-4), three months 1,074-6 (1,096-8), settlement 1,061 (1,084).

LEAD

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	302-3	−1.75	—
3 months	301-2	+.75	—

Official closing (am): Cash 302.75-303 (302-3), three months 301-5 (301.5-2), settlement 303 (303).

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	4000-10	+7.5	—
3 months	4000-10	+9	—

Official closing (a): Cash 3,991-3 (4,090-1), three months 3,990-5 (4,085-90), settlement 3,993 (4,091).

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or −	High/low for day
Cash	9555-60	—	—
3 months	9400-5	−30	—

Official closing (am): Cash 9,505-15 (9,520-30), three months 9,400-1 (9,485-95), settlement 9,515 (9,530)

Standard			
Cash	9555-60	—	—
3 months	9400-5	−33	—

Official closing (am): Cash 9,500-10 (9,520-30), three months 9,400-1 (9,475-85), settlement 9,510 (9,530) Turnover: tonnes. Straits tin M$ 30.34 (30.32) kilo.

ZINC

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	609-10	−7	—
3 months	591-2	−5	—

Official closing (am). Cash 611-3 (628-9), three months 593-4 (607-8), settlement 613 (629)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	July 1 1985	+ or −	Month ago
Aluminium	£1100		£1100
Free Mkt	$1025/055	−5	$1150/160
Copper			
Cash h Grade	£1077.25	−15.75	£1184.5
3 mths	£1087.25	−11.25	£1188.5
Gold troy oz	$313.25	−4.5	$314.75
Lead Cash	£302.5	−1.75	£294.25
3 mths	£301.25	+0.75	£300.75
Nickel			
Free Mkt	244-278c		258-288c
Palladium oz	$96.75	−1.5	$101.75
Platinum oz	$262.75	−4.35	$268.00
Quicksilver†	$280/290		$290-299
Silver troy oz	463.50p	−8.15	486.70p
3 mths	477.05p	−8.40	501.20p
Tin cash	£9557.5		£9592.5
3 mths	£9402.5	−30	£9550.5
Tungsten	$73.74		$79.03
Wolfram 22.04lb	$56-60		$63-66
Zinc	£609.5	−7	£632
3 mths	£591.5	−5	£643.5
Producers	$880		$930-965

OILS	July 1 1985	+ or −	Month ago
Coconut (Phil)	‡		$660
Palm Malayan	‡		$600
SEEDS			
Copra Phil	$345z		$390
Soyabean (U.S.)	$229.5w	−1.8	$237.5
GRAINS			
Barley Fut. Sept.	£96.65	−0.85	£98.90
Maize	£146.00		£149.70
Wheat Fut Sept	£97.80	−0.20	£99.80
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept.	£1713.5	+7	£1797
Coffee Ft. Sept.	£1912	−52	£2094.5
Cotton A Index	62.40c	−0.2	64.45c
Gas Oil Aug.	$212.5	−0.25	$218.5
Rubber (kilo)	66p		63p
Sugar (raw)	$87z	+2	$91
Wooltops 64s	463pkilo		477pkilo

‡ Unquoted. u Aug. v June-July. w Sept. y July. z July-Aug. † Per 76 lb flask. c Cents per pound.

GOLD

Gold fell $4½ to $313-$313½ on the London bullion market yesterday. It opened at $315-$315½, and was fixed at $315.35 in the morning and $313.90 in the afternoon. The metal touched a peak of $316¼-$315¾ and a low of $312½-$313. It weakened after failing to break through resistance at $320, and after a firming of the dollar in the afternoon.

GOLD BULLION (fine ounce) July 1

Close	$313-313½	(£238¾-249¼)
Opening	$315-315½	(£240¼-240¾)
M'n'g fix.	$315.35	(£239.482)
Aft'n'n fix.	$313.90	(£239.527)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$321¼-322	(£245½-246)
½ Krug.	$166-166¾	(£126¾-127½)
¼ Krug.	$84½-85¼	(£64½-65¼)
1/10 Krug.	$34¼-35	(£26¼-26¾)
Mapleleaf	$323¼-324	(£247-247½)
New Sov.	$74¼-75	(£56½-57¼)
½ New Sov	$44¼-45½	(£34¼-34¾)
Old Sov.	$76-77½	(£58-59¼)
$20 Eagle	$450-490	(£343¼-374¼)
Noble Plat	$271½-274½	(£206½-209)

SILVER

Silver was fixed 8.15p an ounce lower for spot delivery in the London bullion market yesterday at 463.5p. U.S. cent equivalents of the fixing levels were: spot 609.5c, down 1.5c; three-month 620.6c, down 1.4c; six-month 632.9c, down 1.8c; and 12-month 658.6c, down 2.05c. The metal opened at 461-464p (605-608c) and closed at 458-461p (601-604c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	471.65p	−1.15	467.5p	−8.25
3 months	485.45p	−1.20	482p	−8.5
6 months	499.80p	−0.70	—	—
12months	526.20p	−1.75	—	—

FREIGHT FUTURES

The downward trend continued, with sentiment further undermined by the weaker physical market. New contract lows were seen in all traded positions. The Baltic Freight Index was 864.5, down 8, reports Clarkson Wolff.

	Close	High Low	Prev.
July	848-849.5	851-848	853-855
Oct.	869-871	875.5-868	877-879
Jan.	870.5-872.5	875-869	877-879
April	910-915	912-910	918-920
July	883-887	885	887-892
Oct.	920-960	960	940-980
Jan.	930-990	960	920-1000
April	980-1040	1010	980-1040

Turnover. 83 (152).

GRAINS

July wheat was again thin, declining after an early rise. New crops were easier on country selling and lack of support demand, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterdys close	+ or −
July	114.55	−1.00	—	—
Sept.	97.80	−0.20	96.65	−0.85
Nov.	101.05	−0.25	100.50	−0.20
Jan.	104.80	−0.35	104.00	−0.30
Mar.	108.00	−0.30	107.00	−0.25
May	111.25	−0.25	109.70	−0.25

Business done—Wheat: July 116.00-4.55, Sept 97.80 only, Nov 101.05 only, Jan 105.05-4.80, Mar 108.10-8.00, May 111.25 only. Sales: 48 lots of 100 tonnes. Barley: Sept 96.70-6.65, Nov 100.65 only, Jan 104.20 only, Mar and May untraded.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent July 135, Aug/Sept 132.75, Oct 138.25 sellers transhipment east coast. U.S no 2 soft red winter Aug 122.25, Sept 124.75, Oct 126.50 sellers. EC July 115 seller. English feed fob June/July 118.50, Aug/Sept 98-99, Sept 99.50, Oct/Dec 103, Jan/Mar 109.50 sellers east coast. Maize: U.S. no 3 yellow/French transhipment east coast July 145 sellers. Barley: English feed fob July/Aug 97.50, Sept 99.50 sellers east coast. Rest unquoted.

RUBBER

The London physical market opened slightly lower, attracted no buying interest throughout the day and closed dull, reports Lewis and Peat. Closing prices (buyers): spot 66.00p (same); Aug 66.50p (67.00p); Sept 66.50p. The Kuala Lumpur fob price for RSS No. 1 was 202.0 (203.0) cents a kg and for SMR 20 was 168.5 (170.0).

COFFEE

In thin conditions prices were £7-£20 lower during a quiet opening, reports DBL. A brief recovery encouraged further selling and new contract lows were registered in all traded contracts.

COFFEE	Yesterd'ys Close	+ or −	Business Done
July	1854-60	−56.5	1900-1594
Sept.	1910-14	−52.0	1958-1086
Nov.	1957-60	−43.5	1994-1955
Jan.	2002-08	−24.0	2022-1985
March	2001-05	−20.5	2060-2011
May	2030-50	−25.0	2060-2050
July	2060-90	−10.0	2080

Sales: 4,719 (3,385) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for June 28. Comp. daily 1979 128.40 (128.88); 15-day average 130.84 (131.20).

INDICES

FINANCIAL TIMES

June 28	June 27	M'th ago	Year ago
278.15	278.60	279.98	305.06

(Base: July 1 1952 = 100)

REUTERS

July 1	June 28	M'th ago	Year ago
1744.5	1954.3	1828.9	1922.1

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	June 28	June 27	Month ago	Year ago
Spot	117.91	118.24	—	135.33
Fut.	116.40	116.36	—	134.71

(Base: December 31 1974 = 100)

COCOA

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
July	1735-1739	+10.5	1740-1725
Sept.	1712-1715	+7.0	1720-1698
Dec.	1676-1668	+6.0	1680-1670
Mar.	1681-1686	+8.0	1689-1677
May	1698-1699	+5.5	1700-1693
July	1710-1714	+3.5	1714-1705
Sept.	1715-1730	+3.5	—

SUGAR

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug.	86.8-88.8	89.2-89.4	88.2-86.6
Oct	90.2-90.4	92.6-92.8	93.4-90.2
Dec.	94.2-94.4	96.0-97.0	96.8-94.4
Mar.	105.8-105.2	108.6-106.8	107.2-105.8
May	109.4-109.6	109.4-111.0	111.0
Aug	115.6-116.2	114.8-115.6	116.4-115.2
Oct	119.4-119.8	120.6-121.8	—

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or −	Business Done
August	110.9-111.5	−1.50	111.5-111.4
October	115.0-115.5	−1.25	114.0-115.5
Dec	118.2-118.6	−0.85	118.6
Feb	125.2-124.2	−1.50	124.0
Apr	124.2-125.5	−1.55	125.0
June	125.2-126.5	−1.15	126.0
August	127.0-128.0	−1.20	—

OIL

Little change was seen in the crude and petroleum products markets. There was a reluctance to trade before the July 5 Opec meeting. Nymex opened 10c down, and had drifted another 3c down by 1 pm. EST—Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB ($ per barrel)—July	Latest	Change + or −
Arab Light	26.70-26.80*	—
Arab Heavy	24.55-25.05*	—
Dubai	25.10-25.30*	—
Brent Blend	26.60-26.70	−0.05
W.T.I. (1pm est)	26.80-26.85*	−0.80
Forcados (Nigeria)	26.30-26.40	—
Urals (cif NME)	25.55-25.65	+0.025
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	281-285	—
Gas Oil	216-217	—
Heavy fuel oil	127-129	—
Naphtha	256-258	—

*August

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or −	Business Done
July	214.75	−1.00	214.75-15.00
Aug	212.50	−0.25	212.50-12.00
Sep	212.25	−0.75	213.00-12.00
Oct	213.50	−0.10	215.50
Nov	215.50	−0.75	—
Dec	218.00	−0.25	—
Jan	217.75	−0.75	—

Turnover: 438 (407) lots of 100 tonnes.

POTATOES

The forecast of warmer, drier growing weather together with a weaker tone in the physical market combined to push futures lower immediately upon opening. The drift continued throughout session, breaking recent support level of £78, basis April, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov	58.30	59.80	59.00-58.20
Feb	66.50	69.00	—
Apr	77.10	80.00	78.90-77.00
May	82.50	85.80	85.50-82.40

Sales: 293 (136) lots of 40 tonnes.

PIGMEAT

Trading was thin and prices slightly lower. Physical prices are reported to be under pressure with the arrival of warmer weather, reports CCST Commodities.

Month	Yesterdays close p. per kilo (deadweight)	Previous close	Business done
Aug.	102.90	105.10	105.00-102.70
Oct.	106.70	106.80	—
Nov.	106.80	106.80	—
Feb.	99.00	98.90	—
April	99.40	99.30	—
June	98.30	99.00	—

Sales: 11 (32) lots of 50 carcases, 3,250 kg.

Eight banks added to bill discount list

By Margaret Hughes

EIGHT recognised banks have been added to the list of institutions whose bills are eligible for discount at the Bank of England. They are therefore, not able to discount their bills at the finest terms.

The additions bring to 138 the number of institutions whose bills are eligible for discount at the Bank. When the list was established in 1981 the total was 96.

The eight additions to the list include the newly formed Lloyds Merchant Bank, which was yesterday also granted recognised bank status under the 1979 Banking Act. The others are BAII, Banque Internationale a Luxembourg, Chuo Trust and Banking, Credit Commercial de France, Nederlandsche Middenstandbank, Union Bank of Switzerland the Finnish bank Kansallis-Osake-Pankki.

The restriction attached to Nordic Bank's membership on the list has been lifted.

Jeweller expands

A £400,000 investment by the West Midlands Enterprise Board is to fund expansion plans in John Withey Jewellery

U.S. MARKETS

GOLD AND SILVER values came under pressure on aggressive selling prompted by the release of U.S. hostages and dollar strength, reports Heinold Commodities. Copper lost ground on a build-up in LME stocks while aluminium was modestly lower in sympathy with other metals markets. Sugar traded lower on long liquidation caused by the weak expiration of July on Friday. Cocoa was mixed awaiting fresh indications of new crop prospects. Coffee moved sharply lower on the re-opening of Brazilian export registration for the July-September quarter at a reduced minimum export price. Cotton weakened on favourable crop prospects and weak grain markets. Timely and well distributed showers over the weekend provided the initial pressure on th egrains and soyabeans. Heavier than expected deliveries on the July futures triggered additional liquidation which touched off technical and stop-loss selling. The decline in soyabeans was sharper than in the grains as soya oil prices were unable to rally despite zero deliveries. Heating oil traded sharply lower as endless rumours discouraged traders from taking extensive positions.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	43.60	43.60	43.60	43.70
August	43.90	—	—	44.05
Sept	44.20	44.20	44.10	44.40
Dec	46.20	46.25	45.15	46.45
Jan	45.55	—	—	45.80
March	46.25	—	—	46.50
May	46.95	—	—	47.25
July	47.65	—	—	47.90
Sept	48.35	—	—	48.60
Jan	49.75	—	—	50.00

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	2000	2002	1975	2018
Sept	2055	2065	2008	2031
Dec	2038	2038	1990	2005
March	2038	2038	1991	2013
May		—	—	2025
July	2060	—	—	2038

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
July	139.70	140.80	139.80	141.28
Sept	142.15	143.30	141.80	143.56
Dec	143.57	144.75	143.55	145.07
March	143.28	144.30	143.00	144.96
May	143.13	—	—	144.88
July	141.63	—	—	143.69

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
July	58.10	58.45	58.10	58.65
August	58.55	—	—	59.05
Sept	59.00	59.40	58.95	59.55
Dec	60.05	60.45	60.00	50.50
Jan	60.40	—	—	60.90
March	61.05	61.40	61.05	61.56
May	61.55	—	—	62.00
July	62.05	62.00	62.00	62.45
Sept	62.60	62.95	62.56	63.00
Dec	63.30	—	—	63.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	60.30	60.75	60.25	60.95
Oct	60.97	61.50	60.95	61.61
Dec	61.29	61.50	61.10	61.60
March	62.30	62.52	62.11	62.65
May	62.65	62.73	62.48	63.00
July	62.45	62.83	62.45	62.88
Oct	58.75	58.85	58.85	58.92
Dec	58.15	—	—	58.42

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
August	26.82	26.82	26.65	26.87
Sept	26.12	26.28	26.05	26.35
Oct	25.89	25.90	25.67	26.00
Nov	25.35	25.65	25.35	25.78
Dec	25.10	25.40	25.08	25.50
Jan	24.75	25.05	24.75	25.20
Feb	24.50	24.79	24.50	25.00
March	24.40	24.40	24.40	24.84
April	24.69	—	—	24.64

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
July	309.0	—	—	315.7
August	310.8	317.3	310.5	317.7
Sept	312.5	317.8	315.5	318.9
Oct	314.2	320.6	314.0	321.3
Dec	318.0	324.9	317.4	325.3
Feb	322.1	328.5	321.5	329.5
April	326.2	331.5	326.0	333.7
June	330.7	—	—	338.3
August	335.2	336.0	333.0	342.9
Oct	339.9	—	—	347.7
Dec	344.6	348.0	348.0	352.5
Feb	349.7	—	—	357.7
April	354.9	—	—	363.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
August	67.20	68.00	67.15	68.46
Sept	67.80	68.30	67.50	68.77
Oct	68.50	69.05	68.40	69.58
Nov	69.30	69.85	69.25	70.30
Dec	69.95	70.35	69.95	70.98
Jan	70.50	70.85	70.65	71.40
Feb	70.75	71.00	70.75	71.55
March	69.75	69.00	69.00	71.30
April	68.00	68.25	68.00	69.90

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	139.65	140.25	139.25	139.25
Sept	136.70	137.45	136.20	138.30
Nov	134.20	135.00	134.20	134.15
Jan	132.90	133.40	133.10	133.10
March	133.00	—	—	133.15
May	133.00	—	—	133.15
July	133.00	—	—	133.15
Sept	133.00	—	—	133.75
Nov	133.00	—	—	133.15

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	248.5	254.0	248.0	254.7
Oct	251.2	257.5	250.0	258.6
Jan	256.1	272.2	257.5	273.5
April	261.2	277.5	255.2	278.6
July	267.1	—	—	284.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	592.8	610.0	592.0	610.8
August	596.2	609.0	603.0	614.5
Sept	600.5	618.0	600.0	619.0
Dec	612.1	629.5	611.0	630.9
Jan	616.4	—	—	635.3
March	624.6	641.0	623.0	643.7
May	633.3	640.0	635.0	652.6
July	642.7	660.0	639.0	662.1
Sept	652.8	670.0	662.0	672.3
Dec	667.9	685.0	669.0	687.8

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	2.81	2.90	2.79	2.85
Oct	2.90	2.99	2.89	2.98
Jan	3.23	3.28	3.20	3.24
March	3.58	3.68	3.58	3.63
May	3.80	3.89	3.80	3.86
July	3.99	4.08	3.99	4.01
Sept	4.12	—	—	4.11
Oct	4.29	4.36	4.28	4.33

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
August	56.85	58.55	56.86	58.35
Oct	57.77	59.22	57.75	59.22
Dec	60.25	61.05	60.05	60.92
Feb	61.20	61.85	61.00	61.75
April	62.27	62.95	62.25	62.77
June	63.10	63.55	63.10	63.35

LIVE HOGS 30,000, cents/lb

	Close	High	Low	Prev
July	49.47	49.97	48.80	49.85
August	47.85	48.57	47.40	48.35
Oct	43.57	44.70	43.40	44.55
Dec	45.40	46.57	45.20	46.35
Feb	47.20	48.35	47.00	48.15
April	44.97	45.25	44.60	45.30
June	47.30	47.50	47.05	47.75
July	47.90	48.10	47.90	48.50
August	47.85	47.85	47.85	47.90

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	58.92	61.40	58.57	60.57
August	59.62	61.75	59.62	61.62
Feb	67.52	69.80	67.52	69.52
March	67.30	69.50	68.30	70.30
July	68.90	70.00	68.90	70.90
August	67.70	67.70	67.70	69.70

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	267.4	269.2	267.4	269.0
Sept	252.6	256.2	252.4	255.4
Dec	247.5	251.0	247.4	251.4
March	257.0	260.4	257.0	260.4
May	261.2	263.4	260.6	263.6
July	260.4	262.6	260.4	263.0
Sept	246.0	247.2	246.0	248.2

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	553.2	563.0	553.0	562.6
August	547.4	558.0	547.0	558.4
Sept	541.6	552.6	541.4	551.6
Nov	544.2	556.2	544.0	554.4
Jan	554.4	566.0	554.4	563.4
March	565.2	572.0	565.0	575.0
May	573.2	583.0	573.0	583.0
July	578.0	588.0	578.0	588.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	117.7	118.9	117.5	118.9
August	120.4	121.7	120.1	127.8
Sept	123.1	124.2	122.7	124.7
Oct	125.6	126.4	125.3	126.9
Dec	130.7	132.0	130.1	131.9
Jan	133.2	134.5	132.8	134.7
March	138.0	139.1	138.0	139.1
May	143.2	144.0	143.0	143.7
July	148.5	—	—	149.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	29.68	30.15	29.54	30.00
August	28.28	28.78	28.20	28.76
Sept	27.24	27.66	27.15	27.70
Oct	26.32	26.70	26.25	26.75
Dec	25.37	25.80	25.27	25.89
Jan	24.95	25.40	24.95	25.45
March	24.77	25.10	24.80	25.10
May	24.66	24.80	24.50	24.86
July	24.30	24.46	24.30	24.48
August	23.93	—	—	24.15

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	318.4	320.4	318.0	318.2
Sept	320.2	323.2	320.0	321.2
Dec	325.6	328.4	325.0	326.6
March	325.8	327.4	324.4	328.2
May	313.4	316.0	313.4	314.0
July	298.4	301.4	389.4	299.4

SPOT PRICES—Chicago loose lard 19.50 (same) cents per pound. New York tin 571.0-574.0 (572.0-573.0) cents per pound. Handy and Harman silver bullion 604.0 (614.0) cents per troy ounce.

OTHER MARKETS

ROTTERDAM

WHEAT—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: Afloat 139, Aug 142, Sept 145, Oct 146/.50, sellers. U.S. No 2 Northern Spring, 14 per cent protein: Spot 174, July 161.50, Aug 158.50, Sept 157, Oct 163.50, Nov 165.50, sellers. U.S. Northern Spring, 15 per cent protein: July 172.60, Aug 169.50, Sept 168, Oct 174.50, Nov 176.50, sellers. U.S. No 3 Hard Amber Durum, July 166, Aug 163, Sept 159, Oct 165, Nov 168, sellers. Canadian No 1 Western Amber Durum: Spot 177, July 178, July/Aug 175.50, Aug 174, Aug/Sept 175.50, Sept 171, sellers. 3 Yellow: Afloat 1235.50, July 126.50, Aug 124.50, Sept 122, Oct/Dec 121, Jan/March 125, sellers. Argentine, Plate: Afloat, July 132, Aug 134, sellers.

PARIS

SUGAR—(FFr per tonne): Aug 1223-1229, Oct 1215-1218, Dec 1230-1235, March 1260-1265, May 1300-1310, Aug 1365-1375.

COCOA — (FFr per 100 kg): July 1950-2050, Sept 2025-2030, Dec 1991-2010, March 2001-2024, May 2000 bid, July 2005 bid, Sept 2010 bid.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg: July 609.0, 615.0, nil; Oct 621.0, 622.0, 621.0-620.0; Dec 623.0, 626.0, 623.0; March 628.5, 629.0, 629.0; May 632.0, 640.0, nil; July 637.0, 645.0, 637.0, Oct 618.0, 635.0, nil; Dec 620.0, 645.0, nil. Sales 22
EUROMKTS—Rotterdam, etc.—P34 —

COTTON

LIVERPOOL—Spot and shipment sales amounted to 118 tonnes. Trading was quiet, with interest mainly in West African growths.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up after dull day

The dollar closed slightly firmer on the day, but showed no sign of breaking out of its recent trading range in very subdued foreign exchange trading. A rise of 1.5 per cent in May U.S. construction spending was more than expected, and buying of the dollar was also encouraged by an upward revision of 1.4 per cent from 1 per cent in April's increase. At the same time Federal funds were relatively high at 7⅞ per cent, but there were no other factors to relieve an otherwise quiet day. The next major event is likely to be Friday's U.S. unemployment figures, and these are not expected to show any resurgence in economic growth. Last Friday's disappointing leading indicators and trade figures renewed speculation that the Federal Reserve may cut its discount rate to 7 per cent in the near future, and led to a little early pressure on the dollar, although there was no attempt to test the DM 3.00 level.

The dollar rose to DM 3 0410 from DM 3.0280; FFr 9.2625 from FFr 9.2375; and SwFr 2.5485 from SwFr 2.5395, but fell to Y247.90 from Y248.30.

On Bank of England figures the dollar's index rose to 143.9 from 143.7.

STERLING — Trading range against the dollar in 1985 is 1.3100 to 1.0525. June average 1.2807. Exchange rate index fell 0.1 to 81.2, the lowest level of the day. It opened unchanged at 81.3 and touched a peak of 81.5.

Sterling tended to weaken after a strong start. Expectations that London interest rates will remain high, after recent comments by the Chancellor of the Exchequer, and the Bank of England in its Quarterly Bulletin, pushed the pound up to its level for a year or more before lunch. It fell back in the afternoon as the dollar recovered, losing 45 points to $1.3050-1.3060, and also declining to FFr 12.0750 from FFr 12.1050; SwFr 3.3250 from SwFr 3.3275; and Y323.50 from Y325.50, but improving to DM 3 9725 from DM 3 9675.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. June average 3.0639. Exchange rate index 122.0 against 120.0 six months ago

The D-mark was little changed against the dollar on the Frankfurt foreign exchange market, after a fixing of DM 30280, compared with DM 3 0607 on Friday. This was the lowest fixing since June 19, as the U.S. currency came under light selling pressure. Short covering helped push the dollar up to DM 3.03675 at the close from DM 3.0250 on Friday. On the domestic front interest rates were slightly firmer at 5.50 per cent, compared with 5.25 per cent before the weekend. End of month factors tended to keep rates down on Friday, and although there is now a policy by the Bundesbank of fostering lower rates, no change is expected in the discount or Lombard rates at Thursday's council meeting. Trading in the dollar remained within a narrow range, in the absence of any major U.S. data before Friday's unemployment figures

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc ...	44.9008	45.3136	+0.92	+1.17	±1.5471
Danish krone ..	8.14104	8.07421	−0.82	−0.57	±1.6419
German D-mark.	2.24184	2.25024	+0.37	+0.62	±1.1475
French franc......	6.87456	6.85826	−0.24	+0.01	±1.3669
Dutch guilder ...	2.52595	2.53656	+0.42	+0.67	±1.5171
Irish punt	0.72569	0.718060	−1.05	−0.80	±1.6673
Italian lira	1403.49	1436.74	+2.37	+2.37	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

STERLING INDEX

	July 1	Previous
8.30 am	81.3	80.8
9.00 am	81.5	80.7
10.00 am	81.5	80.7
11.00 am	81.5	80.7
Noon	81.5	80.7
1.00 pm	81.5	80.7
2.00 pm	81.4	81.0
3.00 pm	81.2	81.3
4.00 pm	81.2	81.3

£ IN NEW YORK

	July 1	Prev. close
£ Spot	$1.3060 1.3067	$1.3075-1.3085
1 month	0.61 0.59 pm	0.56 0.55 pm
3 months	1.55 1.50 pm	1.53-1.49 pm
12 months	4.37-4.25 pm	4.20 4.05 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

July 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3045-1.3170	1.3050-1.3060	0.60-0.57c pm	5.38	1.54-1.49pm	4.64
Canada	1.7720-1.7870	1.7770-1.7780	0.57-0.48c pm	3.54	1.37-1.23pm	2.93
Nethlnd.	4.47-4.49¾	4.47-4.48	2½-2¼c pm	6.37	6½-6¼pm	5.64
Belgium	79.83-80.29	79.70-80.00	32-26c pm	4.36	80-71pm	3.79
Denmark	14.22-14.30½	14.22-14.23	3½-2¼ore pm	2.32	8⅝-7pm	2.16
Ireland	1.2665-1.2715	1.2675-1.2685	0.30-0.13p pm	2.03	0.58-0.40pm	1.55
W. Ger.	3.96½-3.98¾	3.96¾-3.97¾	2⅝-2½pf pm	7.55	7-6⅞pm	6.88
Portugal	228½-231	228½-228¾	225-560c dis	−20.70	580-1565d	−18.86
Spain	226½-228¼	226¾-227¾	25-55c dis	−2.11	170-215dis	−3.39
Italy	2,527-2,554¼	2,527-2,529	par-4lire dis	−1.30	6-11dis	−1.34
Norway	11.41½-11.48¾	11.41½-11.42½	⅜ore pm-⅞dis	−0.53	½-1½dis	−0.35
France	12.07-12.15½	12.07-12.08	2⅝-1⅞c pm	2.24	5¾-4½pm	1.68
Sweden	11.42½-11.51½	11.42½-11.43½	3⅞-4¾ore dis	−4.53	11⅞-12¾dis	−4.31
Japan	320-326⅞	320-321	1.95-1.82y pm	7.06	5.05-4.84pm	6.17
Austria	27.90-28.05	27.91-27.95	15¾-14¼gro pm	6.47	40¼-36¼pm	5.55
Switz.	3.32-3.34	3.32-3.33	2⅝-2⅜c pm	8.12	6⅝-5⅝pm	7.14

Belgian rate is for convertible francs. Financial franc 80 20-80 35. Six-month forward dollar 2.73-2.68c pm. 12-month 4 40-4.25c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3045-1.3170	1.3050-1.3060	0.60-0.57c pm	5.38	1.54-1.49pm	4.64
Ireland†	1.0300-1.0358	1.0300-1.0308	0.35-0.25c pm	3.48	0.85-0.75pm	3.09
Canada	1.3564-1.3575	1.3565-1.3575	0.19-0.22c dis	−1.81	0.56-0.61dis	−1.72
Nethlnd.	3.4010-3.4300	3.4235-3.4245	0.28-0.25c pm	0.93	0.89-0.86pm	1.03
Belgium	60.85-61.20	61.05-61.15	5½-6½c dis	−1.18	16-18½dis	−1.13
Denmark	10.83¾-10.90½	10.90-10.90½	2¼-2¾ore dis	−2.76	5¼-5¾dis	−2.03
W. Ger.	3.0220-3.0415	3.0405-3.0415	0.62-0.57pf pm	2.36	1.73-1.68pm	2.25
Portugal	173½-174½	173½-174½	250-500c dis	−25.86	650-1400d	−23.56
Spain	172.85-173.78	173.50-173.65	100-120c dis	−7.62	335-365dis	−8.08
Italy	1,928¾-1,938¾	1,935-1,936	10½-11lire dis	−6.67	30-30¾dis	−6.28
Norway	8.71-8.75	8.74¼-8.74¾	3¾-4½ore dis	−5.50	10¾-11¼dis	−5.04
France	9.21½-9.26¾	9.26-9.26½	2⅜-2⅝c dis	−3.25	6¾-7¼dis	−3.03
Sweden	8.73½-8.75½	8.75-8.75½	7-7½ore dis	−9.95	19¼-19¾dis	−8.92
Japan	247.25-248.55	247.85-247.95	0.36-0.32y pm	1.65	0.93-0.88pm	1.46
Austria	21.24½-21.36	21.34-21.36	2½-1½gro pm	1.06	6½-3¼pm	0.94
Switz.	2.5325-2.5490	2.5480-2.5490	0.58-0.52c pm	2.60	1.54-1.48pm	2.38

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 61.45-61.55.

OTHER CURRENCIES

July 1	£	$		£ Note Rates
Argentina Austl.	1.0467-1.0498	0.8000-0.8010	Austria	27.80-28.10
Australia Dollar.	1.9580-1.9620	1.4950-1.4975	Belgium	80.05-80.05
Brazil Cruzeiro	7,831-7,863	5,980-6,000	Denmark	14.18-14.32
Finland Markka.	8.2430-8.2630	6.2970-6.2990	France	12.09-12.21
Greek Drachma..	176.00-179.75	133.68-136.49	Germany	3.96⅛-3.99½
HongKong Dollar	10.1425-10.1525	7.7545-7.7565	Italy	2525-2560
Iran Rial	118.50*	92.10*	Japan	325-329
Kuwait Dinar (KD)	0.3961-0.3965	0.30285-0.30295	Netherlands	4.47-4.51
Luxembourg Fr.	79.70-79.80	61.05-61.15	Norway	11.38-11.50
Malaysia Dollar	3.2625-3.2675	2.4945-2.4965	Portugal	221-232
New Zealand Dlr.	2.6800-2.6876	2.0460-2.0525	Spain	220-230
Saudi Arab Riyal	4.7775-4.7795	3.6507-3.6512	Sweden	11.42-11.53
Singapore Dollar	2.9115-2.9165	2.2260-2.2280	Switzerland	3.32½-3.35½
Sth African Rand	2.5560-2.5660	1.9655-1.9695	United States	1.30¾-1.32¾
U.A.E. Dirham	4.8029-4.8079	3.6780-3.6730	Yugoslavia	360-389

* Selling rate.

CURRENCY MOVEMENTS

July 1	Bank of England Index	Morgan Guaranty Change %
Sterling	81.2	−8.4
U.S. dollar	143.9	+29.4
Canadian dollar	88.2	−6.3
Austrian schilling	112.5	−3.9
Belgian franc	89.4	−11.0
Danish Kroner	77.6	−5.5
Deutsche mark	122.0	+6.3
Swiss franc	140.3	+7.7
Guilder	77.6	+2.9
French franc	65.2	−15.5
Lira	45.5	−16.7
Yen	155.6	+12.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.762323	0.564991
U.S. $	7½	1.00269	0.742115
Canadian $	9.58	*	1.00735
Austria Sch.	4½	21.3432	15.8145
Belgian Fr.	9¼	61.1490	45.3136
Danish Kr	7	10.8847	8.07421
Dmark	4½	3.03614	2.25024
Guilder	5½	N/A	2.53655
French Fr	9½	"	6.85826
Lira	15½	"	1436.74
Yen	5	248.967	183.113
Norway Kr.	8	N A	6.49240
Span'h Pta.	—	"	128.386
Swedish K.	11.6	"	6.49463
Swiss Fr.	4	"	1.88720
Greek Dr'ch.	20½	135.252	100.148
Irish Punt	13¾	0.970186	0.718060

* CS/SDR rate for June 28: 1.35636.

EXCHANGE CROSS RATES

July 1	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.306	3.978	323.5	12.08	3.325	4.475	2528.	1.778	79.75
U.S. Dollar	0.766	1.	3.041	247.9	9.263	2.549	3.424	1936	1.362	61.10
Deutschemark	0.252	0.329	1.	81.43	3.040	0.837	1.126	636.4	0.447	20.00
Japanese Yen 1,000	3.091	4.036	12.28	1000.	37.33	10.28	13.83	7815	5.495	246.5
French Franc 10	0.828	1.081	3.290	267.9	10.	2.754	3.706	2094	1.472	66.06
Swiss Franc	0.301	0.393	1.195	97.29	3.632	1.	1.346	760.3	0.535	23.98
Dutch Guilder	0.223	0.292	0.888	72.29	2.698	0.743	1.	564.9	0.397	17.82
Italian Lira 1000	0.396	0.516	1.571	128.0	4.777	1.315	1.770	1000.	0.703	31.55
Canadian Dollar	0.563	0.734	2.236	182.0	6.793	1.871	2.518	1422	1.	44.87
Belgian Franc 100	1.254	1.637	4.981	405.5	15.14	4.169	5.611	3170.	2.229	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12¼-12⅜	7⅞-8	8¾-9¼	6⅝-6⅞	1¼-2½	5⅜-5½	10⅛-10⅜	13¼-14¼	8¾-9	8⅝-8⅞	6⅜-6½	9½-10¼
7 days' notice	12¾-12⅞	7½-7⅞	8⅞-9⅛	6⅝-6⅞	3⅛-3⅜	5⅜-5½	10⅛-10¼	13⅛-14⅛	8¾-9	8⅝-8⅞	6⅜-6½	10¼-10½
Month	12¾-12⅞	7⅝-7¾	9-9¼	6⅝-6¾	5⅛-5¼	5⅜-5½	10⅛-10⅜	13⅝-14⅛	8¾-9	8⅝-8⅞	6⅜-6½	9½-10¼
Three months	12⅜-12⅝	7⅝-7¾	9⅛-9⅜	6⅝-6¾	5⅜-5½	5⅜-5½	10⅛-10⅝	13⅝-14	8¾-9	8⅝-8⅞	6¼-6⅜	9½-10¼
Six months	12¼-12⅝	7¾-7⅞	9⅜-9⅝	6⅝-6⅞	5¼-5⅜	5½-5⅝	10⅜-10⅝	14-14⅜	8¾-9	8¾-9	6¼-6⅜	9⅝-10¼
One year	11⅞-12⅛	8⅛-8⅜	9⅝-9⅞	6⅝-6⅞	5¼-5½	5⅝-5¾	11⅛-11⅜	14¼-14½	9⅛-9⅜	9⅛-9⅜	6⅜-6⅝	9⅝-10¼

Asian $ (closing rates in Singapore): Short-term 7[11/16]-7[13/16] per cent; seven days 7[11/16]-7[13/16] per cent; one month 7[11/16]-7[13/16] per cent; three months 7¾-7⅞ per cent; six months 7[15/16]-8[1/16] per cent; one year 8¼-8⅜ per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 9⅝-9⅞ per cent; four years 10-10¼ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice

FINANCIAL FUTURES

Quiet trading

Prices showed mixed changes in the London International Financial Futures Exchange yesterday in rather quiet and featureless trading. There are few U.S. economic indicators of much significance due for release this week and with markets closed on Thursday for Independence Day trading volume was on the low side.

Euro-dollar prices opened on a firmer note and attracted good buying during the morning to touch a high of 92.20 in the September contract. Most of the early business was traded on the day's highs but the trend was soon reversed as Chicago failed to maintain the early impetus. Values fell back accordingly with dealers noting a fairly strong Federal funds rate. Much of the latter's strength was technical, caused by rollover business, but combined with higher than expected U.S. construction spending to push values down from the day's highs. However, prices still finished up from Friday's closing levels with September Euro-dollars at 92.13 compared with 92.08.

Sterling based instruments tended to follow the fortunes of the pound. Three-month sterling for September delivery finished at 88.14 from 88.22 and the September gilt at 110-12 from 110-11. Trading in Liffe options showed a reasonable turnover, given the low volume elsewhere.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	92.13	92.20	92.11	92.08
Dec	91.65	91.72	91.64	91.61
March	91.23	91.29	91.25	91.19
June	90.97	90.92	90.92	90.83
Sept	90.57	—	—	90.53

Est volume 4,108 (5,749)
Previous day's open int — (—)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	88.14	88.25	88.13	88.19
Dec	88.68	88.76	88.69	88.69
March	88.78	88.83	88.81	88.79
June	88.19	—	—	88.88
Sept	89.00	—	—	89.00

Est volume 964 (2,100)
Previous day's open int — (—)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	110-12	110-19	110.12	110-11
Dec	110-27	—	—	110-26
March	111-03	—	—	111-02

Est volume 1,141 (2,881)
Previous day's open int — (—)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −25 to −15 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.2970	1.3055	1.2955	1.2985
Dec	1.2840	1.2910	1.2892	1.2860
March	1.2750	1.2765	1.2745	1.2770

Est volume 341 (490)
Previous day's open int — (—)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3306	0.3320	0.3303	0.3320
Dec	0.3328	—	—	0.3342

Est volume 54 (67)
Previous day's open int — (—)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.3947	0.3955	0.3954	0.3965

Est volume 3 (2)
Previous day's open int — (—)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4044	—	—	0.4037

Est volume (nil) (2)
Previous day's open int — (—)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	126.70	126.90	124.50	125.20
Dec	127.30	—	—	125.80

Est volume 383 (646)
Previous day's open int — (—)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	77-23	77-27	77-12	77-06
Dec	76-24	76-23	76-23	76-05
March	75-24	—	—	75-06

Est volume 2,559 (3,217)
Previous day's open int — (—)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	77-21	77-26	77-15	77-02
Dec	76-20	76-26	76-14	76.02
March	75-21	75-25	75-17	75-03
March	75-21	75-25	75-17	75-03
June	—	74-29	74-22	70-31
Sept	73-25	73-31	73-25	73-09
Dec	—	73-03	72-30	72-15
March	—	—	—	71.22
June	—	—	—	70-31
Sept	—	—	—	—
Dec	—	—	—	69-23
March	—	—	—	69-05

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	92.89	93.04	92.97	92.95
Dec	—	92.67	92.61	92.56
March	—	92.31	92.26	92.20
June	—	91.01	—	91.89
Sept	—	91.70	91.68	91.63
Dec	91.45	91.47	91.45	91.39
March	—	91.24	—	91.17
June	—	—	—	90.96

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	—	92.46	92.41	92.36
Dec	91.96	92.00	91.96	91.89
March	—	—	—	91.46

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	92.12	92.17	92.10	92.07
Dec	91.64	91.68	91.62	91.58
March	—	91.25	91.20	91.15
June	—	89.71	—	90.79
Sept	—	90.56	90.52	90.48
Dec	90.23	90.25	90.23	90.19
March	—	89.97	—	89.92
June	—	—	—	89.67

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.2940	1.3025	1.2935	1.2960
Dec	—	1.2910	1.2825	1.2840
March	—	1.2810	1.2750	1.2745
June	—	—	—	1.2665

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	—	76-05	76-01	75-23
Dec	—	75-08	75-06	74-28
March	—	—	—	—
June	—	—	—	73-25
Sept	—	—	—	73-13

MONEY MARKETS

UK rates finish on slightly firmer note

Interest rates closed at the day's highs in London yesterday in rather quiet trading. Sterling's initial strength encouraged a few attempts at finding lower levels but with the pound finishing on a weaker note and short term rates staying firm, period rates finished slightly firmer where unchanged. Three-month interbank money was quoted at 12⅞-12⅞ per cent from 12[13/16]-12[15/16] per cent, while three-month eligible bank bills were bid at 12 per cent, unchanged from Friday. Overnight interbank money traded between 12⅜ per cent and 13¼ per cent.

UK clearing banks base lending rate 12½ per cent since June 12

The Bank of England forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £795m and the unwinding of previous sale and repurchase agreements a further £436m. Exchequer transactions accounted for £5m. These were partly offset by a fall in the note circulation of £270m and banks' balances brought forward £225m above target.

To help aleviate the shortage the Bank offered an early round of assistance which totalled £121m and comprised purchases of £70m of eligible bank bills in band 1 (up to 14 days) at 12⅜ per cent, £45m in band 2 (15-33 days) at 12⅜ per cent and £6m in band 4 (64-91 days) at 12 per cent. Further help in the morning came to £308m and was made up of purchases of £46m of eligible bank bilsl in band 1 at 12⅜ per cent, £66m in band 2 at 12⅜ per cent, £163m in band 3 (34-63 days) at 12¼ per cent, and £33m in band 4 at 12 per cent. In the afternoon additional assistance of £275m was provided, comprising purchases of £5m of Treasury bills, £7m of local authority bills and £7m of eligible bank bill sin band 1 all at 12⅜ per cent and £163m of eligible bank bills in band 2 at 12⅜ per cent. In band 3 it bought £38m of eligible bank bills at 12¼ per cent and in band 4 £11m of local authority bills and £44m of eligible bank bills at 12 per cent. Total help was £704m.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 1)

3 months U.S. dollars

bid 7 11/16 offer 7 13/16

6 months U.S. dollars

bid 7 15/16 offer 7 15/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

July 1	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45 5.55	10¼	1⅞-2¼	6⅝-6⅞	6.09375	14⅝-15⅛	8.35	11½-12
One month	5.45 5.60	10⅛-10¼	5⅛-5¼	6⅝-6¾	6.21875	14⅛-14⅝	8⅝-8¾	11½-12
Two months	5.45 5.60	10⅛-10⅜	—	—	—	—	—	11½-12
Three months	5.50 5.65	10⅛-10⅜	5⅜-5½	6⅝-6⅞	6.28125	14½-15	8¾-8⅞	11½-12
Six months	5.55 5.70	10⅜-10½	—	6⅝-6⅞	—	—	8¾-9	11½-12
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6⅝	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 1 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12⅝-13¼	12¾	13	12½ 12¾	—	—	—	—	—
2 days notice	—	—	12¾-12⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12¾-12⅞	12-13	12⅝	—	—	—	—	—
One month	12¾-12⅝	12⅝-12¾	12¾	12⅜	12⅝	12⅛	12¼	12⅜	12¼	12⅞
Two months	12¾-12⅝	12⅞-12⅞	12⅞	12⅞	12⅞	12⅛	12	12⅛	12⅛	12⅞
Three months	12⅞-12⅝	12⅞-12⅝	12½	12¾	12	12	11⅞	12	11⅞	12⅞
Six months	12 11⅞	12⅛-12⅜	12⅜	—	—	—	—	11½	11⅞	12⅛
Nine months	11⅞ 11⅞	12 12⅛	—	—	—	—	—	—	—	—
One year	11⅞ 11⅞	11⅞-12⅛	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13	—	12¼	7.45-7.55	7½-8	9⅝-9½
Two months	12⅞-12⅝	—	12⅝	7.45-7.55	7½-8	9⅜-9½
Three months	12¾-12½	—	12⅜	7.5-7.6	7⅞-8⅛	9⅜-9½
Six months	12⅝-12⅜	—	12⅜	7.6-7.7	7⅞-8⅛	9⅜-9½
Nine months	12⅜-12⅛	—	12⅜	7.95-8.05	—	—
One year	12¼-12	—	12⅛	8.1-8.2	8⅛-8⅜	9⅜-9½
Two years	—	11⅞	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Finance IV: Average Rate of Interest period May 8 to June 4 (inclusive): 12.677 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from July 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.9658 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12½ per cent; one-three months 12½ per cent; three-six months 12¼ per cent; six-nine months 12 per cent; nine-12 months 12 per cent. Under £10,000 11½ per cent from June 27. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8½-8¾
Fed funds	7⅞
Fed funds at intervention	—

Treasury Bills

One-month	6.60
Two-month	6.82
Three-month	6.92
Six-month	6.97
One-year	7.15

Treasury Bonds

Two-year	99[7/32]
Three-year	102[7/32]
Four-year	100[4/32]
Five-year	101[1/32]
Seven-year	101⅛
10 year	106[20/32]
30-year	107[24/32]

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 1, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.2890
Algeria	Dinar	6.65
Andorra	French Franc / Spanish Peseta	12.0750 / 227.0
Angola	Kwanza	38.6485
Antigua	E. Caribbean $	3.54
Argentina	Austral	1.0487 (15)
Australia	Australian $	1.9600
Austria	Schilling	27.93
Azores	Portuguese Escudo	227.50
Bahamas	Ba. Dollar	1.3055
Bahrain	Dinar	0.4960
Balearic Isles	Spa Peseta	227.0
Bangladesh	Taka	34.75
Barbados	Barbados $	2.6400
Belgium	B. Franc	(cm) 79.75 (fm) 80.275
Belize	B $	2.63
Benin	C.F.A. Franc	603.75
Bermuda	Bda $	1.3055
Bhutan	Ngultrum	16.00
Bolivia	Bolivian Peso	(u) 59,062.5§
Botswana	Pula	2.3025
Brazil	Cruzeiro::	7,847.0
Brit. Virgin Isles	U.S. $	1.3055
Brunei	Brunei $	2.9140
Bulgaria	Lev	1.2872
Burkino Faso	C.F.A. Franc	603.75
Burma	Kyat	10.3610
Burundi	Burundi Franc	160.25
Cameroon	C.F.A. Franc	603.75
Canada	Canadian $	1.7775
Canary Islands	Spanish Peseta	227.0
Cape Verde Is.	Cape V. Escudo	117.17
Cayman Islands	Cay. Is. $	1.0960
Cent. Afr. Republic	C.F.A. Franc	603.75
Chad	C.F.A. Franc	603.75
Chile	Chilean Peso	203.53
China	Renminbi Yuan	3.7660
Colombia	Col. Peso	(F) 185.14
Comoro Islands	C.F.A. Franc	603.75
Congo (Brazzaville)	C.F.A. Franc	603.75
Costa Rica	Colon	(U) 66.08
Cuba	Cuban Peso	1.2220
Cyprus	Cyprus £	0.8200
Czechoslovakia	Koruna	(com) 8.50 (n/c) 14.81 (13.74
Denmark	Danish Kroner	14.2250
Djibouti	Djibouti Franc	225.0
Dominica	E. Caribbean $	3.54
Dominican Repub.	Dominican Peso	(O) 1.3055 (4.12
Ecuador	Sucre	(O) 88.00 (F) 146.72
Egypt	Egyptian £	1.0860 (14) 1.5700 (8)
El Salvador	Colon	(O) 3.2600 (F) 5.3100
Equatorial Guinea	Ekuele	603.75
Ethiopia	Ethopian Birr	2.7100
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	14.2250
Fiji Islands	Fiji $	1.5275
Finland	Markka	8.2550
France	French Franc	12.0750
French C'ty in Af.	C.F.A. Franc	603.75
French Guiana	Local Franc	12.0750
French Pacific Is.	C.F.P. Franc	215.0
Gabon	C.F.A. Franc	603.75
Gambia	Dalasi	5.00
Germany (East)	Ostmark	3.9725
Germany (West)	Deutsche Mark	3.9725
Ghana	Cedi	69.6665
Gibraltar	Gibraltar £	1.0
Greece	Drachma	177.88
Greenland	Danish Kroner	14.2250
Grenada	E. Caribbean $	3.54
Guadaloupe	Local Franc	12.0750
Guam	U.S. $	1.3055
Guatemala	Quetzal	1.3055
Guinea	Syli	32.48
Guinea Bissau	Peso	193.36
Guyana	Guyanese $	5.4075
Haiti	Gourde	6.56
Honduras	Lempira	2.63
Hong Kong	H.K. $	10.1475
Hungary	Forint	65.74
Iceland	I. Krona	54.7100
India	Ind. Rupee	16.00
Indonesia	Rupiah	1,457.38
Iran	Rial	118.50 (sg)
Iraq	Iraqi Dinar	0.5335
Irish Republic	Irish £	1.2680
Israel	Shekel	1,969.0
Italy	Lira	2,528.0
Ivory Coast	C.F.A. Franc	603.75
Jamaica	Jamaica Dollar	7.2975 (sg)
Japan	Yen	323.50
Jordan	Jordanian Dinar	0.5520
Kampuchea	Riel	N.A.
Kenya	Kenya Shilling	21.00
Kiribati	Australian $	1.9600
Korea (Nth)	Won	1.57 (i)
Korea (Sth)	Won	1,142.94
Kuwait	Kuwaiti Dinar	0.3963
Laos	New Kip	45.94
Lebanon	Lebanese £	20.74
Lesotho	Maluti	2.5610
Liberia	Liberian $	1.3055
Libya	Libyan Dinar	0.3885
Liechtenstein	Swiss Franc	3.3250
Luxembourg	Lux Franc	79.75
Macao	Pataca	10.59
Madeira	Portug'se Escudo	227.50
Malagasy Republic	MG Franc	841.07
Malawi	Kwacha	2.2680
Malaysia	Ringgit	3.2650
Maldive Islands	Rufiyaa	9.25
Mali Republic	C.F.A. Franc	603.75
Malta	Maltese £	0.6235
Martinique	Local Franc	12.0750
Mauritania	Ouguiya	88.15
Mauritius	M. Rupee	20.2125
Mexico	Mexican Peso	(F) 427.72 (C) 297.89
Miquelon	Local Franc	12.0750
Monaco	French Franc	12.0750
Mongolia	Tugrik	4.66 (il)
Montserrat	E. Caribbean $	3.54
Morocco	Dirham	13.20 (sg)
Mozambique	Metical	(A) 57.00
Namibia	S.A. Rand	2.5610
Nauru	Australian Dollar	1.9600
Nepal	Nepalese Rupee	24.02
Netherlands	Guilder	4.4750
Netherland Antilles	Antilian Guilder	2.36
New Zealand	N.Z. Dollar	2.6838
Nicaragua	Cordoba	(O) 36.68
Niger Republic	C.F.A. Franc	603.75
Nigeria	Naira	1.147741
Norway	Norwegian Krone	11.420
Oman Sul'ate of	Rial Omani	0.4545
Pakistan	Pakistan Rupee	20.76
Panama	Balboa	1.3055
Papua N. Guinea	Kina	133.35
Paraguay	Guarani	314.40 (10) 745.39 (7) 426.50 (12)
Peru	Sol	exc-A 14,586.0
Philippines	Philippine Peso	22.90
Pitcairn Islands	£ Sterling / New Zealand $	— / 2.6838
Poland	Zloty	207.68
Portugal	Portuguese Escudo	227.50
Puerto Rico	U.S. $	1.3055
Qatar	Qatari Ryal	4.7885
Reunion Island	French Franc	12.0750
Romania	Leu	(Cm) 5.74 (N C) 16.07
Rwanda	Rwanda Franc	133.20
St. Christopher	E. Caribbean $	3.54
St. Helena	St Helena £	1.0
St. Lucia	E. Caribbean $	3.54
St. Pierre	Local Franc	12.0750
St. Vincent	E. Caribbean $	3.54
Samoa American	U.S. $	1.3055
San Marino	Italian Lira	2,528.0
Sao Tome & Prin.	Dobra	57.73
Saudi Arabia	Saudi Ryal	4.7785
Senegal	C.F.A. Franc	603.75
Seychelles	S. Rupee	9.34
Seirra Leone	Leone	(O) 7.88
Singapore	Singapore $	2.9140
Solomon Islands	Solomon Is. $	1.9555
Somali Republic	Somali Shilling	48.04
South Africa	Rand	2.5610
Spain	Peseta	227.0
Spanish ports in North Africa	Peseta	227.0
Sri Lanka	S. L. Rupee	35.60
Sudan Republic	Sudan £ (u)	3.26
Surinam	S. Guilder	2.3430
Swaziland	Lilangeni	2.5610
Sweden	S. Krona	11.430
Switzerland	Swiss Franc	3.3250
Syria	Syrian £	(A) (T) 9.0 (CM) 5.15
Taiwan	New Taiwan $	52.50
Tanzania	Tan. Shilling	22.80
Thailand	Baht	35.55
Togo Republic	C.F.A. Franc	603.75
Tonga Islands	Palanga	1.9600
Trinidad	Trinidad & Tob $	3.16
Tunisia	Tunisian Dinar	1.0850 (sg)
Turkey	Turkish Lira	692.02
Turks & Caicos	U.S. $	1.3055
Tuvalu	Australian $	1.9600
Uganda	Uganda Shilling	781.20
United States	U.S. Dollar	1.3065
Uruguay	Uruguay Peso	123.63
Utd. Arab Emirates	U.A.E. Dirham	4.8054
U.S.S.R.	Rouble	1.1068
Vanuatu	Vatu	144.72
Vatican	Italian Lira	2,528.0
Venezuela	Bolivar	(4) 6.64 (5) 9.84 (6) 18.54
Vietnam	Dong	(O) 131.56
Virgin Island U.S.	U.S. Dollar	1.3065
Western Samoa	Samoan Tala	(A) 2.8735
Yemen (Nth)	Ryal	9.1830
Yemen (Sth)	S.Yemen Dinar	0.4500
Yugoslavia	New Y Dinar	366.2397
Zaire Republic	Zaire	66.0075
Zambia	Kwacha	3.00
Zimbabwe	Zimbabwe $	2.0425

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (†) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral=1,000 old pesos.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99¼	97¼	Treas 8¼pcCnv '85	99¼	+⅛	8.82	12.55
101	99	Exch. 12¼pc 1985	100	+	12.25	11.98
101	99	Exch. 11¼pc '86	99⅞	+	11.76	11.84
99	97	Treas. 10pcCnv 1986	98	+	10.13	11.72
94⅞	92¼	Treas 3pc 1986	94½		3.17	9.64
100	97½	Exch. 10½pc Cv '86	99	+⅛	10.59	11.43
101⅞	99¼	Treas 12pc 1986	100½	+	11.94	11.39
97¼	94½	Treas 8½pc 1984-86‡‡	97 xd		8.73	11.30
105	102	Exch. 14pc 1986	102	+	13.60	11.46
93¼	87	Exch. 2½pc 1986	92	+	2.69	8.15
104	101	Exch 13½pc 1987	102 xd	+	12.93	11.40
99½	96⅝	Treas 10½pcCv '87	98⅛	+⅛	10.43	11.36
91	85½	Exch 2½pc 1987	90⅝	–	2.76	8.69
99	96¼	Exch. 10½pc 1987	98⅝	+⅛	10.65	11.37
93⅝	89	Funding 6½pc '85-87‡‡	93		6.99	10.79
98½	95½	Treas. 10pc 1987	97	+⅛	10.24	11.34
90¼	84½	Treas 3pc 1987	89 xd		3.34	8.57
102	99¼	Treas. 12pc 1987	101⅛	+	11.85	11.26

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22⅞	16¼	Amer Medical Int $1	19⅞	+⅛	60c	—	2.4
59¼	32	Amer. Nat Res. $1	51¼		h$1.41	—	2.1
20⅝	16¼	American T & T $1	18⅞	+⅛	$1.20	—	5.1
79½	64¾	Ameritech $1	72	–½	$6.00	—	6.5
25	16	Amdahl	21⅛		$1.44	—	5.3
47p	29p	♦AmeTech	40p		—	—	—
18½	14¼	Bankamerica $1	14⅝	+⅛	$1.52	—	8.2
60½	47	Bankers N Y $10	53 xd	+⅛	$2.70	—	4.0
12¼	829p	BASIX Corp.	932p xd	+14	12c	—	—
80⅛	65½	Bell Atlantic $1	70½	–¼	$6.80	—	7.6
34¼	28⅛	Bellsouth $1	31¼ xd	+⅛	$2.60	—	6.4
19¼	12¼	♦Beth Steel $8	12¼		40c	—	2.6
24	16⅛	Bowater Inc.	17¼ xd	–⅛	72c	—	3.2
40½	31⅛	Brown'g-Fer 16⅔c	38		$1.08	—	2.2
37¼	26⅛	Brunswick Corpn.	28		$1.00	—	2.8
525p	300p	♦Business Computer	300p		—	—	—
39⅞	31⅛	CPC Intnl. 25c	34¼ xd		$2.20	—	5.0
25	18⅛	CSX Corp U S $1.00	20	+⅛	$1.04	—	4.1
19¼	13	CalFed Inc $1.00	18¼ xd		32c	—	1.3
65¼	51⅛	Campbell Soup 60c	58⅛		$2.50	—	3.4
31⅛	24⅛	Caterpillar Tractor $1	25¼ xd	–¼	50c	—	1.6
902p	622p	Cenergy Corp 25c	628p	–13	1c	—	0.1
52¼	40⅞	Chase M'htn $12.5	45⅞ xd	–⅛	$3.80	—	6.5
38¼	29¼	Chemical New York	31⅛		$2.48	—	6.2
34½	24⅛	Chesebrough-Pond's $1	24⅛		$1.92	—	6.2
32⅛	25⅞	Chrysler $6¼	27⅛	–⅛	$1.00	—	2.8
42¾	32⅞	Citicorp $4	37½ xd	+1	$2.26	—	4.7
930p	788p	CityFed Fin Corp	837p	+14	040c	—	3.7
23½	19⅛	Colgate-P $1	20¼	–¼	$1.28	—	5.0
57⅝	44	Colt Inds. $1	48½	+⅛	$2.50	—	4.0
155p	40p	Cont Illinois Hldgs $1	57p		—	—	—
238p	100p	♦Corporate Data Scnce.	175p		—	—	—
36¼	28½	Crown Zell. $5	30¼ xd		$1.00	—	2.6
44¼	18	Cullinet Sftwr $0.1	20⅝	–⅝	—	—	—
506p	278p	Damson Oil 40c	285p	–2	—	—	—
29	19⅛	Dana Corp. $1	20⅞	+⅛	$1.28	—	4.8
67	22¼	Data General	28⅛	–⅞	—	—	—
77p	26p	♦Derma-Lock Medic'l	33p		—	—	—
67	54¼	Dun & Bradstreet $1	60¾ xd		$1.88	—	2.4

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
104	80	Marley	80	−1	3.75	2.2	6.7	9.7
107	52	Marling Ind 10p	91	−1	td3.0	5.6	2.0	10.7
74	36	Marshall L'sy. 'A'	60	−1	2.4	4.9	5.7	4.2
77	61	Marshall's Universal	63		2.0	1.4	4.5	20.0
86	78	Do 7¼ocCnRedPf £1	81xd	−3	7¼%	−	13.2	−
22	22	Martin-Black	22s					
£97	£81	Matheson 7¼%	£95		07¼%	2.3	18.5	−
35	26	Maxiprint 1p	28					
477	375	Metal Box £1	449	+3	17.25	q2.8	5.5	6.5
170	136	Metal Closures	138		6.7	2.0	6.9	8.6
17	9	Metal Sciences 2½p	10					
104	73	Midland Marts	78xd	+½	4.0	♦	7.3	♦
83½	68	Mitchell Cotts	69		t4.0	1.5	8.3	9.9
230	182	Morgan Crucible	198	+4	8.0	1.6	5.8	13.7
32½	22	Morris (W) T.A. 20p	29		g0.5	♦	2.5	♦
110	91	Moss (Robt.) 10p	94	−1	3.0	2.5	4.6	10.4
81	68	Mycon Grp 10p	70		g2.5	3.4	5.1	13.5
328	214	MMW Computers	260	−5	h4.8	2.7	2.6	20.0
43	28	Nash Inds.	28		‡2.5	1.5	‡	6.4
48	20	Neil & Spencer 10p	28		♦	−	−	6.0
34	14½	Newman Inds 10p	34		−	−	−	16.1
44	18½	Do 10pc Cm Cnv.Pf.	33½	−½	10%	−	4.3	−
55	43	Nolton	50	+1	g1.1	4.5	3.1	8.4
183	146	Norcros	161	+5	8.6	♦	7.9	♦
67	50	Nu-Swift 5p	50		3.0	1.6	8.6	9.6
111	68	Oakwood Grp	108		td4.5	1.4	6.0	15.9
230	150	Office & Elect	218	−3	7.5	2.4	4.9	12.0
109	77	Oldacre 20p	78		g4.0	2.6	7.3	6.9
58	37	Osprometrics $0.01	46	+1	bd02c	−	3.4	48.9
495	312½	Ordlame £1	440	−10	23.4	1.8	5.3	10.4
19	15	Ovenstone 12½c	17		td4.5c	♦	‡	♦
£178	£158	Ozalid 9pc Cnv 87-92	£176½	+2½	09%	−	−	−
185	105	PCT Grp 10p	140xd	+1½	g4.8	♦	4.8	♦

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
283	228	First Leisure £1	274	+2	6.5	2.8	3.4	12.8
69	51	GRA Group 5p	58	−1				
32	27	Grampian TV A 10p	28xr	+1	t1.67	♦	8.5	♦
145	117	HTV Non/Vtg.	131	+1	t7.0	2.9	7.6	5.9
148	100	Horizon	106		♦4.4	3.6	5.9	4.7
184	90	Insignia	160		2.5	6.5	2.2	9.9
134	102	Intasun 10p	128		t4.4	2.8	4.9	10.5
33	5	Intervest Video 10p	7	−½	0.0			
232	180	Juliana's Hldgs 2p	180	−3	2.0	1.8	1.4	29.7
268	217	LWT	250	−3	14.4	2.3	8.2	7.6
65	55	Leisuretime Int 10p	56		2.1	3.9	5.4	6.0
162	146	Mngmt. Ag. M. 10p	162s		♦8.75	1.3	7.7	14.5
183	155	Media Tech Int 20p	157		sg2.58	3.9	2.3	15.5
200	124	Medminster 10p	175		t4.85	2.6	4.0	11.8
280	175	Miss World 10p	200		3.6	4.1	2.6	13.6
127½	74	Nationwide Leisure	75	+1	13.75	2.5	7.1	6.6
39	15	Norsk Int 20c	28		−	−		
24¾	19½	Owners Abroad	20		1.0	♦	7.1	♦
53	38	Photax (Lon.)	45		−	−	−	−
24½	21½	P'cilly Radio NV 5p	22		1.87	1.1	12.4	10.6
90	30	Pineapple Dnc St 10p	37	−1	d2.5	1.2	5.8	19.9
232	183	Pleasurama 5p	220xc	+5	h4.6	3.7	3.0	13.0
119	109	Do 7ocCvCmRedPf	111		−	−	−	−
96	77½	Pres Entertain 50p	85½	+1½	g2.0	2.1	3.3	20.3
65	28	Radio City 'A' NV	30		‡5.6	0.9	‡	6.0
55	42	Radio Clyde N/V	42	−3	3.25	2.0	11.1	6.2
63	37	Riley Leisure 10p	44		0.7	−	‡	−
193	143	Saga Hols. 20p	152		4.0	2.1	3.8	16.2
£11¼	540	Samuelson Grp £1	£11⅛	+⅛	90	3.6		0.8
42	25	Sangers Photo 10p	38		2.0	1.9	7.5	9.9
202	138	Scamro 50p	160	−3	g3.68	2.6	3.3	15.6
156	128	Scot TV 'A' 10p	136	−1	8.8	2.8	9.2	5.6
508	319	SeaCo Inc $0.125	352	−12	−	−	−	−

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security.

Blue chips begin a testing week on confident note

Gilts also make good headway

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
June 17	June 27	June 28	July 8
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue chip issues were surprisingly confident yesterday at the start of a week which could prove to be a watershed for the London equity market. The preliminary statements of electrical leader **GEC** is due today and that of **Thorn EMI** on Friday, the latter having been brought forword because of recent edverse speculation. **Thorn EMI** confirmed yesterday that the dividend will be maintained; it also announced the resignation of its chairman and chief executive. Also among the week's schedule are the cash calls on the new nil-paid shares of **Hanson Trust** (Thursday) and **English China Clays** (today).

The GEC annual results could decide the short-term course of the market, either creating further turbulence or restoring badly needed confidence to the electrical sector. The recent marked weakness of electronic and kindred issues has unnerved investors and dragged share values down generally.

Investors were wary at the outset despite Wall Street's continued advance to record levels. Early business was slow but the tempo increased in the late morning as hopes of cheaper money trends were revived by *the dollar's weakness. Institu*tional inquiries began to revive and by the afternoon the tone was strong. The FT Ordinary index mirrored the situation, rising progressively to close 13.9 up at the session's best of 952.5. Government bonds responded to the sterling exchange rate. Friday's strong rise in U.S. bonds was another help. On steady domestic support together with a sprinkling of overseas interest, Gilt-edged prices improved gradually to settle around ¼ higher at the longer end of the market. The authorities were not bid for stock.

Lloyds brokers mixed

Christian Salvesen, despite being oversubscribed five and one half times on application, began life at a discount. The shares slipped further to 103p before recovering strongly on support from the group's brokers to close at 118p compared with the offer for sale level of 115p. Of the two newcomers to the Unlisted Securities Market, **Polypipe** settled at 110p, after 102p, against the placing price of 99p, while **Pacer Systems** maintained the placing level of 170p.

Week-end Press comment on the PCW affair prompted dealers to mark Lloyds Brokers easier at the outset, but a rally ensued as cheaper buyers made their presence felt and the closing trend *was mixed. Down 20 on* Friday, **Sedgwick** recovered from 343p to finished a net 3 dearer on balance at 353p. **PWS International** closed 15 better at 310p, but **C. E. Heath** ended that much lower at 580p. **Minet** lost 4 to a 1985 low of 166p and **Stewart Wrightson** slipped 6 to 562p.

Guinness Peat were outstanding among merchant banks, rising 7 to 71p on revival speculative demand, while **J. Rothschild** moved up 4 to 100p in response to the annual results. *The major clearers staged a tech*nical improvement with **Barclays**, 7 up at 375p, leading the way. Elsewhere, **Royal Bank of Scotland** found support at 268p, up 8.

Conjecture over the hostile bid from Guinness served to heighten speculative interest in **Arthur Bell**, which advanced 5 to *238p: Guinness were* unchanged at 246p. Leading Breweries made a solid start to the new Account with **Bass** 9 harder at 532p and **Allied-Lyons** a couple of pence up at 217p. **Scottish and Newcastle** firmed 2 to 138½p after full-year profits at the top end of market estimates. Among generally subdued Regionals, **Marstons** hardened a couple of pence to 71p following the preliminary figures, but **Greene King**, annual results due on Thursday, eased that much to 160p.

Buildings displayed a slightly better trend. **Blue Circle** continued the recent recovery with a further improvement of 5 to 510p, while other leaders to make progress included **Tarmac**, 4 up at 282p, and **Costain**, a like amount firmer at 396p. Press mention enlivened interest in **Higgs and Hill**, 5 dearer at 370p and in *F. J. C. Lilley, a penny* firmer at 60p.

ICI traded quietly but advanced 12 to 752p. **Allied Colloids**, weak recently in the annual results, rallied 4 more to 167p, while **Delmar** improved 3 to 36p in response to the preliminary statement.

MBail-order stocks, some of which had escaped relatively lightly in the recent shake-out, attracted persistent speculative support and closed at around the session's best. **Freemans** featured with an advance of 18 to 232p, while gains of 6 were *noted in Grattan, 240p, and* **Empire**, 120p. Other speculative Stores also made progress and **Harris Queensway** rose 10 to 226p. Similar rises were seen in **Dixons**, 704p, and **Home Charm**, 324p. **Lincroft Kilgour** firmed 5 to 170p awaiting today's half-timer, while a newsletter mention lifted **NSS Newsagents** 4 to 114p. Store leaders continued last Friday's recovery under the lead of **Gussies A**, finally 15 to the good at 760p. **Woolworth** put on a similar amount to 395p and **Sears** improved 4 to 93p.

Thorn EMI improve

Electricals regained some composure after the traumas of the previous Account. A statement from **Thorn EMI**, revealing that the chairman had resigned together with confirmation that *the preliminary figures would be* announced on Friday—the board have forecast lower annual profits but a maintained dividend—helped sentiment and the shares rebounded to 370p before closing a net 12 dearer on the day at 367p. **GEC** opened easier *at 160p following a Press sug*gestion that today's annaul figures could be disappointing, but later rallied to finish a couple of pence better at 166p. **STC** were also affected initially by adverse comment and dropped to 128p before recovering to end 4 up at 136p on talk that GEC may buy ITT's 24 per cent stake in STC. **Cable and Wireless** jumped 20 to 540p following Press mention and **BICC** hardened 2 to 205p. Elsewhere, **BSR**, at 58p, and **Sound Diffusion**, at 60p, rose 8 apiece following newspaper comment, while **Bowthorpe** gained 10 to 320p on acquisition details. **Farnell** moved up 7 to 148p and **MK** firmed 15 to 238p. **AB Electronics**, however, reflecting renewed concern about Acorn Computer's plight, fell 12 to 273p.

Overshadowed recently by doubts about nationalisation compensation prospects, **Vickers** rallied to close 13 higher at 278p. Elsewhere in the Engineering leaders, **Hawker** came to life with a rise of 12 to 415p, while **GKN** edged up 5 to 227p. Among secondary issues, ***Woodhouse and Rixon***, *reflecting* favourable Press mention, improved 2½ to 33p. **Babcock** firmed 4 to 144p, while **Vosper**, awaiting today's preliminary statement, gained 5 to 225p. **Newman Tonks** closed 1½ dearer at 89p xd; the company *announced yesterday the sale of* its controls business based in Nottingham for a cash consideration of approximately £1m. **Wadkin**, in contrast, met with revived selling and fell 6 to 107p.

Maynards were outstanding in a firm Foods sector, rising 20 to *a 1985 peak of 350p on Press* speculation of an imminent bid from Ward White. Among other manufacturers, **Cadbury Schweppes** attracted revived speculative support and rose 6 to 163p, while **George Bassett** put on 8 at 163p. Elsewhere, **Tesco** moved up 5 to 243p and **Northern Foods** 4 to 242p. **Freshbake** drew buyers and closed 6 to the good at 66p.

Hotels were quietly firm. **THF** improved 3 to 131p as did **Grand Metropolitan**, to 285p. **Norfolk Capital** rose 2 to 22p after Press comment.

BTR higher

Leading miscellaneous industrials extended last Friday's better trend. **BTR** improved afresh to cloe 13 higher at 353p, while **Boots** firmed 3 to 186p and **Beecham** closed a couple of pence dearer at 320p following the annual report. **Hanson Trust** rallied 4 to 185p and the new nil-paid shares ½ to 2p premium. Elsewhere, **Parkfield Group** responded to a newsletter recommendation with a rise of 10 to 79p. Favourable Press mention *left **Lep Group** and **Blue Arrow*** a couple of pence higher at 225p and 165p respectively. **Gestetner** wer noteworthy fo ra rise of 8 to 118p, helped by option demand. **Polly Peck** improved a like amount to 233p, while **Widney** gained 2 to 41p following the interim statement. **Brengeen**, *reflecting the appointment* of Professor Roland Smith to the board, put on 3 to 39p. **Applied Computer** closed a shade dearer at 130p xd; the company announced yesterday that it has agreed to subscribe for a 30 per cent of hte issued capital of Barson Computers of Australia.

***Jaguar** fell* to 256p before settling a net 4 lower at 262p as sentiment, *initially* undermined by the recall of certain models for ignition problems, was further componuded by currency fluctuations. **Lucas Industries** rallied 5 to 309p, while **Supra**, buoyed by a Press mention, finished 4 to the good at 34p. Distributors again moved irergularly. **Glanfield Lawrence** hardned 2 more to 57p and **C. D. Bramall** returned to favour with a gain of 4 to 156p. **Lex Servcie**, on the other hand, gave up 4 to 190p.

Leading Properties were quietly firm. **Land Securities** edged forward the turn to 264p, while **Stock Conversion** added 5 at 510p. Elsewhere, **Capital and Counties** put on 3 to 218p and **Priest Marians** gained 50 to 950p *in a thin market.* **Dares Estates** *softened a fraction to 6p follow*ing adverse comment.

Early proceedings among Textiles centred on **Illingworth Morris** which reversed an intial fall to finish 3 up on balance at 86p *following* the proposed 1-for-10 scrip issue, excellent annual profits and the restoration of the final dividend: the more widely traded A shares, down 75p earlier, closed unchanged at 79p. Revived speculative demand lifted **Coats Patons**, a possible target for a Hanson Trust takeover, 6 to 163p. **Allied Textile**, which recently resisted a bid *from London and Midland, rose* 10 to 380p following a visit from broker de Zoete and Bevan.

Among Financials, **Mills and Allen** closed 4 off at 305p ex-the rights issue: the new nil-paid opened at 22½p premium and dipped to finish at 12½p premium.

Oils rally

Leading Oils staged a technical rally on the first day of the new Account. Small buying ahead of this week's Opec meeting helped **Shell** rise 8 more to 705p and **BP** harden a couple of pence *to 525p. **Britoil** firmed 5 to 213p* as did **Tricentrol** and **Ultramar** to the common level of 205p. Takeover favourite **Burmah** revived with a rise of 9 to 247p. Secondary issues plotted more of an irregular course. **Energy Capital** were outstanding for a fresh speculative improvement of 12 to 70p, while improvements of 8 and 9 respectively were seen in **Highland Participants**, 213p, and **Petrogen Petroleum**, 47p. **Great Western Resources**, however, remained on offer at 180p xd, down 18½, while **Gerber Energy** fell 9 to 32p. **Falcon Resources** gave up 5 at 67p.

Golds at 30 mth-low

The gradual deterioration in the bullion price throughout the session unsettled South African mining issues which gave ground for the fourth successive trading day. Bullion fell away to close a net $4.50 off at $313.25 an ounce.

Gold shares continued to drift easier on general lack of interest. The Gold Mines index gave up 4.3 more to 420.8, taking the measure back to its lowest level since the end of November 1982.

Among the leaders **Driefontein** attracted persistent selling pressure and settled ⅜ off at £17¼, while **Winkelhaak** dipped a similar omunt to a year's low of £20[illegible]. **Val Reefs** settled £1⅞ down at £68⅛.

Financials mirrored the poor performance of Golds and showed **Gold Fields of South Africa** ¼ down at £12⅛ and "**Amcoal**" a like amount cheaper at £20¼. London-domiciled Financials lost ground despite the late rally in domestic equities. **Charter Consolidated** dropped 3 to a 1985 low of 180p and **Consolidated Gold Fields** eased 4 to 506p. **RTZ** were a more resilient market and steadied up late to close a shade firmer at 552p. Comment on the recently announced preliminary results left **Hampton Areas** 3 off at 127p.

Australians continued to reflect marginal declines in overnight market. Recent high-flyer **Gem Exploration** met with profit-taking and dipped 6 to 88p while Golds showed **Gold Mines of Kalgoorlie** 10 off at 420p. In the leaders **Peko-Wallend** settled 4 lower at 204p and **North Broken Hill** gave up a couple of pence at 112p.

FINANCIAL TIMES STOCK INDICES

	July 1	June 28	June 27	June 26	June 25	June 24	year ago
Government Secs.	81.93	81.70	81.86	81.81	81.77	81.92	78.22
Fixed Interest	86.67	86.38	86.42	86.37	86.35	86.58	82.40
Ordinary	952.5	938.6	933.9	936.5	952.1	965.2	822.1
Gold Mines	420.8	425.1	432.2	439.0	445.5	440.3	626.9
Ord. Div. Yield	4.87	4.93	4.95	4.93	4.86	4.80	4.82
Earnings, Yld.% (full)	12.19	12.35	12.41	12.36	12.17	12.03	11.21
P/E Ratio (net) (*)	10.01	9.88	9.84	9.88	10.04	10.15	10.72
Total bargains (Est.	22,190	23,628	21,256	21,762	21,706	22,196	16,369
Equity turnover £m.	—	370.20	400.58	374.96	385.18	242.39	213.25
Equity bargains	—	20,165	18,762	17,707	20,895	20,401	13,327
Shares traded (ml)	—	211.9	203.5	209.5	202.0	140.6	156.6

10 am 937.6. 11 am 939.5. Noon 943.8. 1 pm 946.7
2 pm 949.7. 3 pm 952.1

Basis 100 Govt Secs 15/2/26 Fixed Int. 1928 Ordinary 1/7/35 Gold Mines 12/10/55 SE Activity 1974.

Latest Index 01-246 8026

*Nil = 9.69

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.17 (19/6)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.72 (21/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (5/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	420.8 (1/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	June 28	June 27
Daily		
Gilt Edged Bargains	113.4	108.5
Equities Bargains	130.7	121.6
Value	784.5	809.7
5 day Average		
Gilt Edged Bargains	118.0	119.7
Equities Bargains	126.9	133.1
Value	716.9	704.4

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (25)

BRITISH FUNDS (5)
Conv 9½pc 2001 · Treas. 10pc '92 · Exchqr. 10½pc '05 · Exchqr. 10½pc '97 · Treas. 8½pc 1997

CORPORATION LOANS (1)
Herts. 6½pc '85-87

LOANS (1)
Ag. Mt. 5pc '59-89

BANKS (1)
Schroders

BREWERS (2)
Buckley's Brews. · Marston Thompson

CHEMICALS (1)
Morceau

ENGINEERING (2)
Robinson (Thos.) · Woodhouse Rixson

FOODS (2)
Fii · Maynards

HOTELS (1)
Garfunkels Restrnts.

INDUSTRIALS (2)
Macarthys Pharm · Parkfield

MOTORS (1)
Glanfield Lawrence

NEWSPAPERS (1)
Portsmth. Sund'land

PROPERTY (2)
McInerny · Warnford Inv.

OILS (3)
Fishermen's Pet. · Magnet Group · Lennard Oil

NEW LOWS (100)

AMERICANS (3)
CANADIANS (3)
BANKS (4)
BUILDINGS (1)
STORES (2)
ELECTRICALS (22)
ENGINEERING (1)
HOTELS (1)
INDUSTRIALS (15)
INSURANCE (1)
LEISURE (3)
PAPER (3)
PROPERTY (4)
TRUSTS (18)
OILS (7)
PLANTATIONS (1)
MINES (11)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	3	21
Corpns. Dom. and Foreign Bonds	26	6	45
Industrials	391	283	788
Financial and Props.	92	133	328
Oils	39	21	67
Plantations	—	6	12
Mines	23	62	94
Others	62	76	105
Totals	717	590	1,460

MONTHLY AVERAGES OF STOCK INDICES

	June	May	April	March
Financial Times				
Government Securities	81.60	80.75	81.35	80.49
Fixed Interest	86.32	85.65	85.78	84.15
Ordinary	980.4	1003.8	969.0	†987.4
Gold Mines	437.9	481.5	516.1	†489.9
Total Bargains	22,200	25,242	†25,391	26,240
F.T.— Actuaries				
Industrial Group	637.42	652.77	634.19	†633.91
500 Share	679.04	695.96	679.94	680.24
Financial Group	469.81	470.78	454.33	456.57
All Share	621.04	635.44	619.73	622.08
FT-SE 100	1284.7	†1319.9	1286.5	1290.6

	June High	June Low
Ordinary	1020.2 (4th)	933.9 (27th)
All-Share	644.21 (5th)	594.86 (27th)
FT-SE 100	1336.6 (4th)	1234.3 (27th)

†Corrected figure

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	3	21	—	—	—	—	$314.25
GOLC C	$340	8	2.80	—	—	—	—	
GOLD C	$360	96	1	—	—	—	—	"

A=Ask B=Bid C=Call P=Put

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon July 1 1985

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri June 28 Index No.	Thurs June 27 Index No.	Wed June 26 Index No.	Year ago (approx.) Index No.
66	Insurance (Composite) (7)	349.16	−0.1	—	5.59	—	8.53	349.38	350.42	351.89	279.92
67	Insurance (Brokers) (7)	1035.62	—	9.11	4.00	14.67	20.10	1035.94	1068.19	1076.11	783.85
68	Merchant Banks (11)	224.76	+0.8	—	4.92	—	4.92	222.92	222.44	223.34	195.52
69	Property (50)	593.08	+0.2	6.38	3.92	21.32	8.46	591.92	594.17	598.87	577.76
70	Other Financial (25)	262.53	+0.4	9.35	6.17	13.07	6.88	261.35	261.57	264.30	232.50
71	Investment Trusts (107)	565.29	−0.3	—	3.70	—	8.89	566.98	566.13	567.96	475.66
81	Mining Finance (3)	264.53	−0.1	12.28	5.79	9.45	5.29	264.76	266.11	269.78	282.30
91	Overseas Traders (15)	626.69	−0.3	12.28	6.34	9.83	20.51	628.32	626.80	632.47	515.66
99	ALL-SHARE INDEX (740)	608.52	+0.8	—	4.79	—	11.52	595.54	594.86	598.14	490.48

	Index No.	Day's Change	Day's High	Day's Low	June 28	June 27	June 26	June 25	June 24	Year ago
FT-SE 100 SHARE INDEX	1246.8	+11.9	1246.9	1228.7	1234.9	1234.3	1236.5	1248.3	1266.6	1047.6

FIXED INTEREST

	PRICE INDICES	Mon July 1	Day's change %	Fri June 28	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.84	+0.17	117.64	—	5.76
2	5-15 years	129.56	+0.38	129.07	—	7.34
3	Over 15 years	135.48	+0.44	134.89	—	6.70
4	Irredeemables	146.33	+0.42	145.72	—	7.27
5	All stocks	128.09	+0.32	127.68	—	6.75
6	Debentures & Loans	109.47	+0.46	109.08	0.11	6.08
7	Preference	79.62	+0.08	79.69	0.14	3.44
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.30	—	110.29	—	1.34

	AVERAGE GROSS REDEMPTION YIELDS		Mon July 1	Fri June 28	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.29	10.33	11.12
2		15 years	10.57	10.63	11.18
3		25 years	10.27	10.31	10.60
4	Medium Coupons	5 years	11.32	11.39	12.11
5		15 years	10.84	10.89	11.57
6		25 years	10.38	10.43	11.03
7	High Coupons	5 years	11.39	11.46	12.12
8		15 years	10.99	11.05	11.75
9		25 years	10.55	10.61	10.99
10	Irredeemables†		10.03	10.07	10.48
11	Debs & Loans	5 years	11.95	11.94	12.55
12		15 years	11.71	11.73	12.68
13		25 years	11.53	11.54	12.71
14	Preference†		12.40	12.37	13.08
15	Inflation rate	5%	3.66	3.65	3.71
16		10%	3.46	3.46	3.52

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
RECLASSIFICATION: Holt Lloyd International (9) to (42).

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+or-
10	F.P.	12/7	40½	27	"The Times" Veneer	34	+1
150	F.P.	12/7	211	176	Tomkins (F.H.) 5p	181	+1
500	Nil	—	90pm	43pm	Union Discount £1	48pm	+5
3	F.P.	22/7	3½	2¼	Willaire Systems	3	+½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
British Telecom	169xd	—
Burton	446	+5
Freemans	232	+18
GEC	166	+2
Illingworth Morris A	79	—
Jaguar	262	−4
Lloyds Bank	382xc	+1
Parkfield	79	+10
STC	136	+4
Salvesen (C.)	118	—
Sears	93	+4
Thorn EMI	367	+12

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 24	July 5	Sept 26	Oct 7
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4

For rate indications see end of Share Information Service

Call options were taken out in **A. F. Bulgin, Monument Oil and Gas, Hepworth Ceramic, Mercantile House, Plaxtons (GB), Brengreen, Southwest Resources, Falcon Resources, Thorn EMI, Gestetner, C. H. Bailey, Aldcom International, RMH** and **Cadbury Schweppes**. No puts or doubles were reported.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Pentland Inds.	33	925	−15
Thorn EMI	30	355	−3
STC	28	132	−4
Burmah Oil	23	238	−2
Racal Elects	23	144	−2
Debenhams	22	358	−3
Bell (A.)	21	233	−5
Falcon Res	21	72	−3
British Telecom	19	173	+1
LASMO	19	240	−2
Boots	18	183	+1
Burton	18	441	−3
GEC	18	164	−2
Utd Scientific	18	178	+3

WORLD STOCK MARKETS

AUSTRIA

July 1	Price Sch%	+ or —
Creditanstalt	375	...
Goesser	524	—1
Interunfall	1,925	—25
Laenderbank	365	—3
Perlmooser	600	—10
Steyr-Daimler	181	—1
Veitscher Mag	560	—10

BELGIUM/LUXEMBOURG

July 1	Price Frs.	+ or —
B.B.L.	2,015	+6
Banq. Gen Lux	6,300	...
Banq. Int. A. Lux	6,020	...
Bekaert B.	5,880	—20
Ciment CBR	2,510	—35
Cockerill	206	—8
Delhaize	9,190	+490
EBES	2,930	+10
Electrobel	8,530	+50
Fabrique Nat	1,995	+25
GB Inno BM	3,675	—40
GBL (Brux)	1,895	+15
Gevaert	3,900	...
Hoboken	5,700	+10
Intercom	2,150	+20
Kredietbank	8,800	+100
Pan Hldgs.	10,500	—300
Petrofina	5,680	+10
Royale Belge	11,900	—100
Soc. Gen. Banq	3,370	—30
Soc. Gen. Belge	1,825	—10
Sofina	7,220	—50
Solvay	4,290	+10
Stanwick Intl.	1,500	...
Tractionel	5,760	—25
UCB	5,250	+10
Wagon Lits	3,360	—90

DENMARK

July 1	Price Knr %	+ or —
Andelsbanken	324	...
Baltic Skand	620	+25
CopHandelsbank	321	+2
D. Sukkerfab	485	...
Danske Bank	336	+1
De Danske Luft	1,100	...
East Asiatic	216	+4
Forenede Brygg.	915	...
Forenede Damp.	146	+1
GNT Hldg	395	...
I.S.S.B.	454	+4
Jyske Bank	705	...
Novo Ind	1,690	—30
Privatbanken	307	+4
Provinsbanken	357	+2
Smidth (F)	248	...
Sophus Berend.	1,055	...
Superfos	448	+8

FRANCE

July 1	Price Frs.	+ or —
Emprunt 4½% 1975	1,574	+2
Emprunt 7% 1973	8,220	—10
Accor	280	—1
Air Liquid	716	+7
BIC	532	—2
Bongrain	1,950	+20
Bouygues	811	+6
BSN Gervais	2,495	—55
CIT-Alcatel	1,238	+8
Carrefour	2,160	+9
Club Mediter'n	543	...
Cie Bancaire	628	+5
Cofimeg	300	...
Damart	1,936	+15
Darty	1,500	+22
Dumex S.A.	695	+20
Eaux (Cie Gen)	694	—1
Elf-Aquitaine	205.5	+5.1
Essilor	2,500	+30
Gen. Occidentale	723	—2
Imetal	104	...
Lafarge Coppee	540	+2
L'Oreal	2,468	+27
Legrand	2,345	—30
Maisons Phenix	226	—4
Matra S.A.	1,780	+21
Michelin B.	1,200	+5
Midi (Cie)	2,885	+105
Moet-Hennessy	2,001	+15
Moulinex	92	+2.1
Nord Est.	88.9	—0.1
Pernod Ricard	750	+15
Perrier	545	+3
Petroles Fra.	235	...
Peugeot S.A.	395	—7
Printempt Aus	281	—1
Radiotech	308	+5.1
Redoute	1,369	—26
Roussel-Uclaf	1,583	+20
Sefimeg	378	+8
SkisRossignol	1,550	—10
Telemech Elect.	2,610	—65
Thomson CSF	526	+2
Valeo	225	—1½

GERMANY

July 1	Price Dm.	+ or —
AEG-Telef	138.2	—4.3
Allianz Vers	1494	—18
BASF	219	+0.7
Bayer	226.8	+1.1
Bayer-Hypo	348	+3
Bayer-Verein	372	—1
BHF-Bank	338	+1
BMW	438.5	+0.5
Brown Boveri	234.5	+6.5
Commerzbank	217.8	+5.3
Cont'l. Gummi	157	+1.2
Daimler-Benz	851.5	+0.5
Degussa	370	+3
D'sche Babcock	153.5	—4
Deutsche Bank	579.5	—6.5
Dresdner Bank	257	—2.5
GHH	170.5	...
Hochtief	525	—15
Hoechst	227	...
Hoesch Werke	109	—0.8
Holzmann (P)	456	—4
Horten	183	—3
Hussel	282	+0.5
Karstadt	231.5	—0.5
Kaufhof	245.5	—2
KHD	267	—1.5
Kloeckner	69	—1
Linde	543	—0.5
Lufthansa	198	+1
MAN	177	...
Mannesmann	191	+2
Mercedes Hld	753	—2
Metallgesel	280	+4
Munech Rueck	1,882	+2
Nixdorf	571	—2.2
Porsche	1,500	+11
Preussag	291	—4
Rhein West Elect	183.5	...
Rosenthal	263	+2
Schering	497	—7
Siemens	568.5	—2.3
Thyssen	112.3	—0.7
Varta	226	—1
Veba	221	...
V.E.W.	135	+2.5
Verein-West	332	—1
Volkswagen	322	+2

ITALY

July 1	Price Lira	+ or —
Banco Com'le	20,620	—380
Bastogi-IRBS	231.5	+1
B.I-Invest	6,220	—250
Centrale	3,399	—51
Credito Varesino	4,249	+128
Fiat	3,780	—70
Finsider	70.2	...
Generali Assicur.	49,030	—770
Italcementi	49510xa	+160
La Rinascenti	880	—10
Montedison	1,973	+12
Olivetti	5,900	...
Pirelli Co	4,275	—30
Pirelli Spa	2,680	—45
Sapiem	5,910	+325
Snia BPD	3,160	—105
Toro Assic.	16,250	—500
do Pref	11,901	+51

NETHERLANDS

July 1	Price Fls	+ or —
ACF Holding	232.5	—1.5
AEGON	95.3xc	+0.6
Ahold	231.5	+1.5
AKZO	111.7	+1.5
ABN	462	+4
AMEV	247.2	+0.7
AMRO	80.6	+1.6
Bredero Cert.	170.0	—0.5
Bos Kalis Westm.	18.5	+0.1
Buehrmann Tet.	88.5	+0.3
Calland Hldgs.	37.0	+0.2
Dordtsche Pet'm	178.3	+1.3
Elsevier NDU	124.9	+3
Fokker	68.5xc	+2.7
Gist Broades	196	—1.5
Heineken	147.7	+1.1
Hoogovens	69.3	+0.4
Int Mueller	50.3	+1.0
KLM	59.3	—0.5
Naarden	49.0	+1.5
Nat Ned Cert	70.2	+0.4
Ned. M'd Bank	195.5	+3.5
Nedlloyd	160	...
Oce Grinten	326	+3.5
Ommeren (Van)	30.0	0.4
Pakhoed	60.5	+0.3
Philips	53.0	+0.4
Robeco	75.8	+0.2
Rodamco	140.5	—0.7
Rolinco	70.1	...
Rorento	46.1	...
Royal Dutch	200.3	+1
Unilever	355.0	+1.3
VMF Stork	201.0	+3.7
VNU	202	+4.5
Wessanen	186.5	+4.0
West Utr Bank	100.5	+0.5

NORWAY

July 1	Price Kroner	+ or —
Bergens Bank	137	—1
Borregaard	400	—2.5
Christiania Bank	137.5	+1.5
DenNorske Cred	140	—13.5
Elkem	125.5	+1
Kosmos	208	—1
Kvaerner	158	—0.5
Norsk Data	340	...
Norsk Hydro	101.5	—2
Storebrand	263	+5

SPAIN

July 1	Price Pta %	+ or —
Bco Bilbao	344	...
Bco Central	316	2
Bco Exterior	192	—7
Bco Hispano	162	—2
Bco Popular	346	...
Bco Santander	341	...
Bco. Vizcaya	434	...
Dragados	146	+6
Hidrola	78.7	—2.3
Iberduero	92.7	—1
Petroleos	138.5	—6.5
Telefonica	117.2	+2.2

SWEDEN

July 1	Price Kronor	+ or —
AGA	117xa	...
Alfa Laval	183	—2
A.S.E.A. (Free)	300	—5
Astra (Free)	400	...
Atlas Copco	104	—1
Cardo (Free)	237	+2
Cellulosa	120	—1
Electrolux B	258	—1
Ericsson	284	—1
Esselte	365	...
Mo och Domsjo	172	+6
Pharmacia	171	...
Saab Scania Free	400	...
Sandvik	367	...
Skandia	295	...
Skan Enski'da	49	+0.5
SKF	206	...
St Kopparbergs	146	—3
Sonessons	135	...
Sven Handlesbn.	155	—1
Sweedish Match	188	...
Volvo B (Free)	237	—3

SWITZERLAND

July 1	Price Frs.	+ or —
Adia Intl.	3,120	...
Alusuisse	770	—5
Bank Leu	3,850	—30
Brown Boveri	1,810	...
Ciba Geigy	3,225	+25
do. (Part Certs)	2,550	—40
Credit Suisse	2,950	—20
Elektrowatt	2,840	—20
Fisher Geo.	980	...
Hoff-Roche PtCts	91,250	+250
Hoff Roche 1/10	9,150	—25
Jacobs Suchard	6,475	+125
Jelmoli	2,400	—15
Landis & Gyr	1,850	—10
Nestle	6,290	—10
Oer-Buehrle	1,530	+10
Pirelli	348	—2
Sandoz (Br)	8,450	—50
Sandoz (PtCts)	1,375	—5
Schindler (PtCts)	940	+20
Sika	1,350	...
Surveillance	4,890	—25
Swissair	1,380	+5
Swiss Bank	462	+6
Swiss Reinsce	12,950	+150
Swiss Volksbk	1,725	+5
Union Bank	4,185	+15
Winterthur	4,400	+75
Zurich Ins.	25,450	+125

AUSTRALIA

July 1	Price Aust $	+ or —
ANZ Group	4.45	...
Alliance Oil Dev.	1.05	...
Ampol Pet	1.85	...
Ashton	1.15	+0.05
Aust. Cons. Ind	2.58	...
Aust. Guarantee	2.4	...
Aust. Nat. Inds	2.38	...
APM	2.7	...
Bell Group	6.9	—0.12
Bell Res.	6.6	...
Bond Corp Hldgs	1.25	0.02
Boral	3.21	—0.02
Bougainville	1.9	...
Brambles Inds	3.75	...
Bridge Oil	2.4	—0.02
B.H. Prop	6.32	—0.02
CRA	5.98	+0.08
CSR	2.85	+0.01
Castlemaine Tys.	6.4	+0.06
Coles (G.J.)	3.83	+0.01
Comalco "A"	1.9	...
Consolidated Pet	0.31	...
Costain Aust.	1.6	...
Dunlop Olympic	2.26	+0.01
Elders IXL	2.98	...
Energ Res	1.46	+0.01

AUSTRALIA (continued)

July 1	Price Aust.$	+ or —
Gen. Pro. Trust	2.20	...
Hardie (James)	3.45	...
Hartogen Energy	2.5xc	...
Herald W'ytimes	4.35	—0.05
ICI Aust.	1.85	...
Jimberlana F.P.	0.3	—0.02
Kia Ora Gold	0.13	—0.01
Lend Lease	6.84	+0.02
MIM	2.72	+0.06
Mayne Nickless	3.02	+0.02
Myer Emporium	2.22	—0.13
Nat. Aust. Bank	4.13	—0.02
News	6.8	...
Nicholas Kiwi	1.75	+0.05
North Bkn Hill	2.23	—0.03
Oakbridge	0.90	—0.02
Pancont'l	1.8	+0.08
Pioneer Conc	1.75	—0.01
Poseidon	3.35	+0.05
Queensland Coal	1.62	...
Reckitt & Coln	3.55	...
Repco	1.18	...
Santos	5.46	—0.04
Smith (Howard)	4.8	...
Thos. Natwide	1.99	—0.03
Tooth	6.0	...
Vamgas	3.95	...
Western Mining	3.75	—0.03
Westpac Bank	4.08	+0.02
Woodside Petrol	1.5	—0.04
Woolworths	2.72	—0.12
Wormald Intl	3.75	+0.04

HONG KONG

July 1	Price H.K.$	+ or —
Bank East Asia	24.2	—0.1
Cheung Kong	16.2	...
China Light	15.7	—0.1
Evergo	1.12	...
Hang Seng Bank	46.5	—0.5
HK Electric	8.3	+0.05
HK Kowloon Wh.	6.05	...
HK Land	5.65	—0.35
HK Shanghai BK.	7.75	...
HK Telephone	101	—2
Hutchinson Wpa	25.1	...
Jardine Math	11.2	+0.1
New World Dev.	7.15	...
Orient O'seas	2.15	—0.02
SHK Props	12.6	+0.1
Shell Elect.	1.38	—0.13
Swire Pac A	23.9	+0.1
TV—B	7.35	...
World Int. Hldns.	1.91	—0.01

JAPAN

July 1	Price Yen	+ or —
Ajinomoto	1,120	—10
Alps Electric	1,600	—20
Amada	1,000	—30
Asahi Chem	918	—7
Asahi Glass	864	—10
Bridgestone	577	+7
Canon	1,150	—10
Casio Comp	1,620	—20
Chugai Pharm	1,070	...
Citizen	460	+2
Daiei	718	—9
Dai Nippon Ptg	1,130	—10
Daiwa House	659	+8
Ebara	453	—4
Eisai	1,360	—20
Fanuc	8,100	+60
Fuji Bank	1,680	...
Fuji Film	2,020	...
Fujisawa	941	—5
Fujitsu	1,010	—10
Green Cross	2,370	—10
Hasegawa	453	+3
Heiwa Real Est	862	—10
Hitachi	754	—2
Hitachi Credit	1,100	...
Honda	1,450	+40
House Food	775	...
Hoya	1,910	—60
Itoh (C)	430	—8
Ito. Yokado	2,630	—20
Iwatsu	861	—2
JACCS	346	—4
JAL	7,390	—10
Jusco	942	—6
Kajima	315	—2
Kao Soap	840	+1
Kashiyama	697	—2
Kirin	693	—3
Kokuyo	1,000	—20
Komatsu	474	+11
Konishiroku	720	—5
Kubota	358	+1
Kumagai	620	...
Kyoto	4,280	—70
Maeda Const.	560	+3
Makino Milling	1,020	—20
Makita	1,040	...
Marubeni	350	—2
Marudai	639	+3
Marui	1,210	—10
MEI	1,400	...
M'ta Elec Works	772	8
M'bishi Bank	1,650	...
M'bishi	662	+2
M'bishi Elect	392	—1
M'bshi Estate	805	...

JAPAN (continued)

July 1	Price Yen	+ or —
MHI	322	—7
Mitsui	401	—6
Mitsui Estate	810	—15
Mitsukoshi	619	—4
NGK Insulators	835	—5
Nihon Cement	288	—1
Nippon Denso	1,310	—30
Nippon Elect	1,060	—10
Nippon Express	440	—1
Nippon Gakki	1,340	—60
Nippon Kokan	142	—2
Nippon Oil	922	—18
Nippon Seiko	517	+1
Nippon Shimpan	689	—2
Nippon Steel	161	—2
Nippon Suisan	374	—4
NTV	11,400	—200
Nippon Yusen	301	—1
Nissan Motor	631	—14
Nisshin Flour	508	—4
Nisshin Steel	171	—4
Nomura	1,280	—20
Olympus	1,190	...
Orient Leasing	3,290	—130
Pioneer	1,870	...
Renown	700	—5
Ricoh	971	—1
Sankyo	1,260	—20
Sanyo Elect.	422	—4
Sapporo	476	—11
Sekisui Prefab	721	—14
Seven-Eleven	8,450	—50
Sharp	900	—10
Shimadzu	750	—5
Shionogi	638	—2
Shiseido	1,140	—20
Sony	4,130	—30
Stanley	823	—8
S'tomo Bank	1,930	—10
S'tomo Elect	790	—2
S'tomo Marine	744	+7
S'tomo Metal	151	...
Taihei Dengyo	519	...
Taisei Corp.	245	+4
Taisho Pharm	1,140	—10
Takeda	843	—5
TDK	4,730	...
Teijin	485	—5
Teikoku	702	—51
Tokio Marine	934	—4
TBS	900	—20
Tokyo Elect Pwr	2,050	—10
Tokyo Gas	230	—3
Tokyo Sanyo	719	—19
Tokyo Style	940	—10
Tokyu Corp	418	—2
Toppan Print	875	—4
Toray	485	—2
Toshiba Elect	366	—4
TOTO	740	—9
Toyo Seikan	1,230	—20
Toyota Motor	1,270	...
Victor	1,730	—30
Wacoal	715	+12
Yamaha	728	—13
Yamanouchi	3,130	+10
Yamazaki	791	—19
Yasuda Fire	602	—2
Yokogawa Bdge.	489	—2

SINGAPORE

July 1	Price $	+ or —
Boustead Hldgs.	1.56	—0.02
Cold Storage	2.52	—0.02
DBS	5.85	—0.05
Genting	5.85	—0.85
Haw Par. Bros.	2.14	—0.02
Hong Leong Fin.	2.84	...
Inchcape Bhd.	2.35	—0.01
Keppel Shipyard	1.52	+0.01
Malay Banking	5.45	—0.15
Malay Utd. Ind	2.3	—0.05
Multi Purpose	0.82	...
OCBC	8.85	—0.15
OUB	2.88	—0.05
Public Bank	1.4	...
Sime Darby	1.95	...
Singapore Press	5.95	...
Straits Trdg.	3.4xc	—0.15
Tat Lee Bk	2.67	...
UOB	5.88	—0.12

SOUTH AFRICA

July 1	Price Rand	+ or —
Abercom	1.9	+0.15
AE&CI	8.0	...
Allied Tech	61	...
Anglo Am Coal	54.75	—0.75
Anglo Am Corp	28.25	—0.95
Anglo Am Gold	170.5	—2.5
Barclays Bank	20	...
Barlow Rand	11.6	—0.12
Buffels	71	—0.75
CNA Gallo	2.8	...
Currie Finance	4.2	...
De Beers	10.35	...
Driefontein	46.25	—2.50
FS Geduld	48.5	—2.50
Gold Fields SA	33.5	...
Highveld Steel	4.8	—0.05
Nedbank	15.2	...
OK Bazaars	15.0	—0.1
Protea Hldgs.	2.55	...
Rembrandt	40.25	...
Rust Plat	15.8	...
Safren	16.25	...
Sage Hldgs.	10.5	—0.25
SA Brews	8.0	—0.15
Smith (AG)	28	+1
Tongaat Hulet	7.3	—0.05
Unisec	5.15	—0.05

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices June 28

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales 10,782,017 shares

MONTREAL

Closing prices June 28

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales 2,009,435 shares

Indices

NEW YORK—DOW JONES

	July 1	June 28	June 27	June 26	June 25	June 24	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,327.95*	1,335.46	1,332.21	1,323.81	1,323.83	1,320.56	1335.46 (28/6)	1184.96 (4/1)	1335.46 (28/6)	41.22 (2/7/32)
Transport	685.73*	684.09	663.04	658.48	650.98	645.89	684.09 (28/6)	553.83 (4/1)	684.09 (28/6)	12.32 (8/7/32)
Utilities	164.85*	164.85	164.85	163.83	164.50	165.01	166.85 (21/6)	146.54 (4/1)	166.85 (21/6/85)	10.5 (28/4/42)
Trading vol		185.2m	107.8m	94.1m	115.8m	95m	—	—	—	—

	June 21	June 14	June 7	Year Ago (Approx)
Ind Div Yield %	4.63	4.71	4.68	5.01

STANDARD AND POORS

	July 1	June 28	June 27	June 26	June 25	June 24	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	211.04*	211.92	211.27	209.87	209.44	208.74	211.13 (6/6)	128.24 (4/1)	211.13 (6/6/85)	3.62 (30/6/32)
Composite	191.24*	191.85	191.23	190.00	189.74	189.15	191.06 (6/6)	163.68 (4/1)	191.06 (6/6/85)	4.40 (1/6/32)

	June 19	June 12	June 5	Year Ago (Approx)
Ind div yield %	3.88	3.77	3.71	4.19
Ind. P/E Ratio	11.65	11.54	11.70	10.96
Long Gov Bond Yield	10.22	10.31	10.85	13.51

N.Y.S.E. ALL COMMON

July 1	June 28	June 27	June 26	1985 High	1985 Low
110.62*	111.11	110.72	110.13	111.11 (28/6)	94.60 (4/1)

RISES AND FALLS

	June 28	June 27	June 26
Issues traded	1,993	1,979	1,970
Rises	954	940	771
Falls	605	573	701
Unchanged	434	466	498

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Pacific Tel	1,262,000	78½	+ ⅛	Fannie Mae	986,300	21	+ ¼
ATT	1,214,000	23⅞	— ⅛	Toledo Ed	989,800	21	unch
Times Mir	1,196,300	57⅞	+4	Jim Walter	718,000	35½	—1⅛
Phil Pet Wi	1,092,800	11⅞	+ ⅛	Mer Lynch	651,600	32¾	+ ⅜
Am Hsp Sup	1,013,400	48⅛	— ⅜	Borden	645,500	39⅝	—2⅜

Advances 788 Declines 785

TORONTO

	July 1	June 28	June 27	June 26	1985 High	1985 Low
Metals & Minls	closed	1,897.7	1,898.5	1,885.7	2190.7 (13/3)	1896.0 (4/1)
Composite	closed	2,712.5	2,783.6	2,704.8	2786.1 (5/6)	2348.5 (8/1)
MONTREAL Portfolio	closed	132.32	131.75	131.91	135.66 (5/6)	117.88 (4/1)

* Indicates pre-close figure

	July 1	June 28	June 27	June 26	1985 High	1985 Low
AUSTRALIA All ord. (1 1 80)	860.2	860.8	861.6	862.0	904.5 (20 5)	715.5 (7 1)
Metals & Mnls. (1 1 80)	505.8	502.0	505.6	508.6	583.8 (20 5)	382.5 (7 1)
AUSTRIA Credit Aktien (2 1 62)	102.59	103.15	102.10	102.29	105.73 (17 6)	85.21 (24 1)
BELGIUM Brussels SE (1 1 80)	2321.05	2314.71	2313.58	2314.57	2384.12 (5 6)	2090.7 (18 1)
DENMARK Copenhagen SE (3 1 83)	198.48	197.87	(u)	196.76	198.48 (1 7)	158.44 (8 1)
FRANCE CAC General (31 12 82)	224.3	—	225.7	228.4	233.1 (31 5)	180.9 (3 1)
Ind Tendance (28 12 84)	127.4	127.0	127.0	128.5	130.4 (31 5)	100.1 (3 1)
GERMANY FAZ Aktien (31 12 58)	480.79	482.90	478.15	475.64	484.21 (25 6)	382.39 (3 1)
Commerzbank (1 12 53)	1421.5	1425.5	1411.2	1399.7	1455.2 (25 6)	1111.8 (3 1)
HONG KONG Hang Seng Bank (31 7 64)	1570.80	1570.61	1581.70	1565.18	1647.88 (17 5)	1220.74 (2 1)
ITALY Banca Comm Ital. (1972)	331.50	332.64	333.62	337.45	357.46 (26 6)	226.56 (2 1)
JAPAN** Nikkei-Dow (16 5 49)	12919.0	12882.1	12841.6	12910.3	12923.0 (26 6)	11545.2 (5 1)
Tokyo SE New (4 1 68)	1028.97	1026.41	1024.05	1028.39	1028.97 (1 7)	916.93 (4 1)
NETHERANDS ANP-CBS General (1970)	215.0	215.6	211.0	210.4	215.0 (1 7)	186.6 (8 1)
ANP-CBS Indust (1970)	179.4	178.0	175.0	174.6	179.4 (1 7)	147.9 (8 1)
NORWAY Oslo SE (4 1 83)	327.20	326.55	321.66	322.21	345.97 (3 6)	288.18 (2 1)
SINGAPORE Straits Times (1966)	775.27	782.69	785.20	784.27	852.65 (7.3)	764.38 (16 1)
SOUTH AFRICA JSE Gold (28 9 78)	—	995.4	996.3	1010.9	1140.8 (16 4)	856.1 (11/2)
JSE Indust (28 9 78)	—	980.2	979.7	976.5	980.2 (28 6)	767.1 (7 3)
SPAIN Madrid SE (28 12 84)	107.62	106.28	105.20	104.98	117.41 (4 2)	101.48 (2 1)
SWEDEN Jacobson & P (1-1-58)	1350.68	1333.96	1333.14	1315.42	1486.96 (11-2)	1311.70 (25 6)
SWITZERLAND SwissBank Cpn. (31 12 58)	447.9	446.5	445.5	443.8	447.9 (1 7)	386.7 (8 1)
WORLD Capital Intl. (1 1 70)	—	213.4	214.3	215.9	215.9 (28 6)	184.8 (4 1)

** Saturday June 29. Japan Nikkei-Dow 12,923.0 TSE 1,028.67.

Base values of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 45

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL GUIDE TO THE ARTS

every Friday in the Financial Times

Prices at 3pm, July 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23 1/2	16	AAR	.48	2.5	14	78	19 1/4	18 7/8	19	
17 3/8	8 3/8	AGS			13	233	15 1/4	15	15 1/4	+ 5/8
16 1/2	8 5/8	AMCA				10	10 3/4	10 3/4	10 3/4	− 1/8
21 1/2	13 3/4	AMF	.50	2.7	56	2736	18 5/8	18 3/8	18 1/2	
48 7/8	24 1/4	AMR			11	2817	u48 7/8	47 3/4	48 5/8	+ 3/4
22 7/8	18 5/8	AMR pf2.18		9.8		6	22 1/4	22 1/4	22 1/4	
14 1/4	7 3/4	APL				25	7 7/8	7 7/8	7 7/8	
61 1/8	44 3/8	ASA			24.2	415	49 1/8	47 3/4	47 3/4	− 1 3/4
27	12 1/2	AVX	.32	2.5	10	55	13 5/8	13	13	− 3/8
28 7/8	16	AZP	2.72	9.8	8	1068	28 1/8	27 5/8	27 3/4	− 1/8
58 5/8	36 3/4	AbtLab 1.40		2.4	17	887	58 1/8	56 3/4	58	+ 5/8
25 7/8	18 5/8	AccoWd .50		2.3	17	222	22 3/8	22	22	− 1/2
24 3/4	12 1/2	AcmeC .40		2.4		45	16 7/8	16 5/8	16 5/8	− 1/4
10 1/2	7 5/8	AcmeE .32b		4.1	10	30	7 7/8	7 3/4	7 7/8	+ 1/8
17 1/2	15	AdaEx 1.82e		11.		x77	u17 5/8	17 1/4	17 5/8	+ 1/4
20	11 7/8	AdmMl .32		1.8	7	34	17 5/8	17 1/4	17 1/2	
19 1/2	8 5/8	AdvSys .53t		4.8	18	114	11 1/8	11	11 1/8	+ 1/4
41 1/8	22 1/8	AMD			12	1706	26 3/4	25 7/8	26 3/4	+ 3/4
12 3/4	6 7/8	Advest .12		1.4		150	8 5/8	8 3/8	8 3/8	− 1/8
14 5/8	9	Aeroflex			13	103	14 1/8	13 3/4	13 3/4	− 1/8
47	27 1/4	AetnLf 2.64		5.7	34	3637	46 1/8	45 3/8	46 1/8	− 1/2
57 3/8	52 3/8	AetL pf5.79e		10.		20	55 3/8	55 3/8	55 3/8	+ 1/8
37 3/8	17 7/8	Ahmns 1.20		3.3	15	884	36 3/8	36	36 1/4	
3 3/8	2 1/2	Aileen				33	2 7/8	2 7/8	2 7/8	
55 3/4	36 5/8	AirPrd 1.20		2.1	12	496	u56 1/4	55 1/4	55 7/8	+ 1/4
24 3/8	13	AirbFrt .60		3.0	11	50	20	18 7/8	20	+ 1/8
2	1	AlMoa s				98	1 3/4	1 5/8	1 3/4	+ 1/8
28 1/4	21	AlaP pf2.92e		11.		38	27 3/4	27 3/4	27 3/4	− 1/4
33 3/8	27 1/4	AlaP pfA3.92		12.		20	32 5/8	32 1/4	32 1/4	− 1/4
8 1/8	6 1/4	AlaP dpf.87		11.		86	8	7 7/8	7 7/8	
82	61 1/2	AlaP pf 9		11.		z2410	82	80	80	− 1
[illegible]										

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37¼	26½	OhEd pf4.56		13.		z100	35½	35½	35½	−1½
60	43	OhEd pf7.36		12.		z20	59	59	59	+½
29	18¼	OhEd pf3.50		12.		3	28¾	28⅝	28¾	+⅛
31⅞	21	OhEd pr3.92		12.		22	31⅞	31	31⅞	+⅜
16⅞	11⅜	OhEd pf1.80		11.		7	16	15¾	16	
17¼	11¼	OhMatr .40		3.2	14	17	12½	12⅜	12½	−⅛
69½	54½	OhP pf 8.04		11.		z230	u70	70	70	+½
68¾	52½	OhP pfC7.60		11.		z90	66½	66½	66½	−1½
21⅝	15¾	OhP pfG2.27		11.		7	20¾	20⅝	20¾	
70	58	OhP pfD7.76		11.		z100	68	68	68	−1
26⅝	19½	OklaGE 2		7.7	11	2249	26¼	26	26	−¼
8⅞	7	OklaG pf.80		9.7		z100	8¼	8¼	8¼	−½
36¾	26⅞	Olin	1.50	4.8	9	498	31⅞	31¼	31⅜	−⅝
17¾	5¾	Omnicre				109	6¾	6½	6⅝	−⅛
19⅜	12	Oneida .80		6.2	9	12	12⅞	12¾	12⅞	
33¾	26⅝	ONEOK2.56		8.0	10	86	32¼	31¾	32	
27⅞	19⅝	OranRl2.14		7.7	10	34	27⅞	27⅝	27⅞	
13⅞	7¾	Orange .53t		5.1	19	102	10½	10⅜	10⅜	−¼
28½	19½	OrionC .76		2.9		58	26⅞	26⅜	26½	
12¾	8⅛	OrionP			42	636	12⅝	12⅛	12⅛	−⅝
9⅝	6½	Orion pf .50		5.4		25	9⅝	9¼	9¼	
32¼	24	Orion pf2.75		8.6		54	32¼	32	32⅛	+⅛
31½	18⅝	OutbdM.64		2.8	9	588	23	22½	22¾	
33½	18½	OvrnTr .72		2.3	13	155	31⅞	31⅝	31⅞	+½
19	13	OvShip .50		3.1	11	703	16⅛	15¾	16	+⅛
37	25⅛	OwenC 1.40		4.0	8	905	35¾	34⅝	35	−⅜
48⅝	34½	OwenIll.80		3.9	10	495	47⅛	46½	46¾	
15¼	10½	Oxford .44		3.2	13	8	13¾	13¾	13¾	

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49⅛	36	PSEG pf5.28		11.		z440	48½	48½	48½	
20¾	15	PSEG pf2.17		11.		4	20	19⅞	19⅞	
62½	48½	PSEG pf6.80		11.		z100	60	60	60	−1½
22½	16⅝	PSEG pf2.43		11.		53	22	22	22	+⅛
107	96	PSEG pf12.25		12.		z100	105½	104½	105½	−1½
71	53	PSEG pf7.70		11.		z10	70	70	70	
72	55	PSEG pf7.80		11.		z600	70	69	69	
70	55	PSEG pf8.08		12.		z200	70	69	69	−1
68½	51	PSEG pf7.40		11.		z10	66	66	66	
4⅛	2⅝	Publick				8	2⅞	2⅞	2⅞	
13½	9⅝	Pueblo .16		1.2	19	80	13¼	13	13	−⅜
15⅝	10⅞	PugetP1.76		11.	9	892	u15¾	15⅜	15¾	+¼
21¾	10⅛	PulteHm.12		.7	24	168	16⅞	16⅝	16⅝	−⅛

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
91¾	69	VaEP pf9.75		11.		z1190	91⅛	90½	90½	−½
67¼	51	VaEP pf7.20		11.		z10	67	67	67	
69	52½	VaEP pf7.45		11.		z2650	u69¾	68	69	+3
45½	28⅝	Vornad			12	8	43	42⅝	42⅝	−⅞
78¼	61½	VulcnM2.80		3.6	12	34	78	77¾	77¾	−⅜
		W W W								
29⅞	23¼	WICOR2.30		7.7	8	13	29⅞	29⅝	29¾	−⅛
36⅝	22¾	Wachvs 1		2.9	11	389	34½	34⅛	34¼	−¼
23	16½	Wackht .60		2.9		42	20⅝	20	20⅝	+⅝
10¾	6¼	Wainoc				96	8¼	7⅞	8⅛	+⅛
56⅝	37¼	WalMrt .28		.5	28	2412	55¾	54⅝	55	+⅝
30¼	17⅛	Walgrns.44		1.6	18	557	27¾	27¼	27½	−⅛
23⅛	15⅝	WkHRsg1.40				202	22⅝	22⅛	22⅝	
38½	25⅝	WalCSv .45		1.2	17	154	37	36⅝	37	+⅛

We regret that due to communications problems this listing is incomplete.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, July 1

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Forecasts temper the tempo

THE TEMPO of trading weakened on Wall Street yesterday from the peak reached last week as trading houses began balancing their positions for a week shortened by the July 4 holiday, *writes Terry Byland in New York.*

Forecasts by brokerage analysts of an unsettled outlook for the share market during the second half of the year helped instil caution among investors.

Bond prices continued to firm in response to the Commerce Department's forecast of a slower than expected growth rate.

At the close the Dow Jones industrial average was up 1.68 at 1,337.14.

Airline stocks found buyers, but the rest of the industrial sector was adrift. Declining stocks held a slight majority in turnover down about 8 per cent from Friday.

The Dow average fell after a Federal Court of Appeal upheld a verdict on oil pricing under which Exxon must pay $2bn. The company's shares eased $1¼ to $52⅜. Other oil stocks weakened ahead of this week's meeting in Vienna of Opec oil ministers.

Industry analysts continue to see a bleak outlook for world oil prices. Standard Oil of Ohio, controlled by British Petroleum, dipped $⅜ to $46½, and Atlantic Richfield at $59⅜ gave up $⅛.

The gain of 1.5 per cent in U.S. construction spending in May was at the high end of market predictions, but Wall Street's views on the progress of the economy remained mixed.

Market analysts were grudgingly optimistic for stock prices in the second half of the year. But, with doubts still overhanging both the economy and the policies of the Federal Reserve, they recommended stocks in the smaller companies in cyclical industries, such as food manufacturing or hospital management and health care.

The airline sector, which gained 15 per cent in the first six months, held steady as investors mulled over the recent spate of takeover speculation. United at $53⅞ added $¼, leading the domestic carriers forward, including American, $½ up at $48⅞. Pan American remained unchanged at $7⅛, its highest price for the past 12 months.

American Hospital Supply (AHS) dipped $⅜ to $40⅛ as investors waited to see how the bid struggle will develop. Baxter Travenol, which is offering $50 a share cash for half the AHS equity and securities valued at $50 for the remainder, edged up $⅛ to $15⅝. Hospital Corporation of America, $¼ down at $48¾, has threatenend to sue Baxter for trying to undermine its own agreed merger plan with AHS.

In technology stocks, IBM eased $⅜ to $123⅞, while MCI Communications held steady at $10⅞ as Wall Street waited for further developments in the plan to launch an assault on the telephone communications market. AT&T at $24 shed $⅛ in brisk trading.

The check to budget proposals in the Senate helped defence aerospace stocks. General Dynamics gained $⅞ to $75, and McDonnell Douglas $⅞ to $76⅞. Also firmer were Lockheed, $⅝ higher at $51⅞, and Boeing, $¼ up at $45.

Nervousness ahead of the June sales totals for the industry, due this week, left auto stocks easier. General Motors gave up $⅛ to 71⅞ and Chrysler at $36⅛ was a similar amount down.

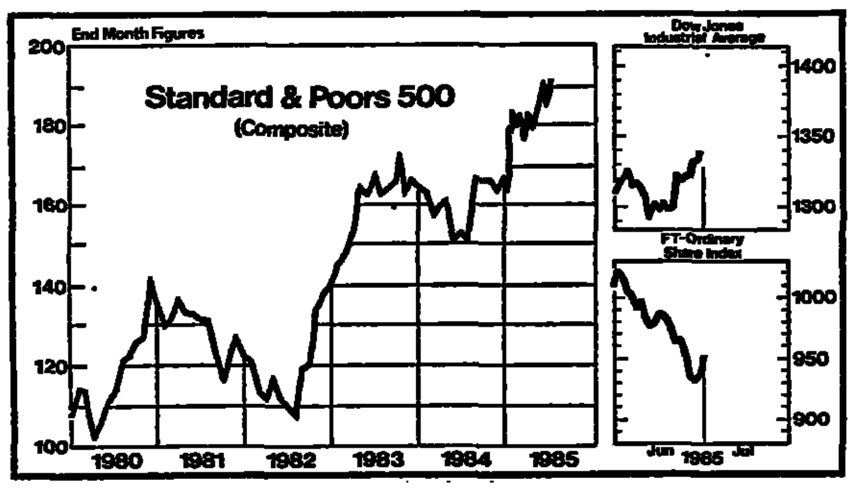
Financial stocks settled down after last week's spate of nervousness. First Chicago added $⅛ to $22⅞, and Bankers Trust at $70⅛ was $½ better.

Pharmaceutical stocks, despite generally favourable mid-year reviews, hung back. Abbott Laboratories again proved the firm spot among the leaders, adding $⅛ to $57½ in thin trading.

Among the special features, Times Mirror jumped $5¼ to $58 as it commenced its programme to buy back 7.5m shares at $60 each. Portec, the manufacturer of railroad equipment, was $1½ up at $21¾ after the board agreed to a leveraged buyout of the company at $23.50 a share.

In the credit markets, federal funds jumped to 7 13/16 as trading houses hurried to balance portfolios ahead of the July 4 break. Money market rates were narrowly mixed, while bonds lost early gains.

KEY MARKET MONITORS



STOCK MARKET INDICES

	July 1	Previous	Year ago
NEW YORK			
DJ Industrials	1,329.97*	1,335.46	1,132.4
DJ Transport	667.25*	664.09	474.18
DJ Utilities	165.06*	164.85	124.28
S&P Composite	191.57*	191.85	153.18
LONDON			
FT Ord	952.5	938.6	822.1
FT-SE 100	1,246.8	1,234.9	1,041.4
FT-A All-share	600.52	595.54	490.48
FT-A 500	656.48	649.8	532.87
FT Gold mines	420.8	425.1	626.9
FT-A Long gilt	10.55	10.61	10.94
TOKYO			
Nikkei-Dow	12,919.03	12,882.0	10,378.0
Tokyo SE	1,028.90	1,026.41	793.11
AUSTRALIA			
All Ord.	860.2	860.8	659.9
Metals & Mins.	505.8	502.0	421.4
AUSTRIA			
Credit Aktien	102.58	103.15	53.97
BELGIUM			
Belgian SE	2,321.03	2,314.71	—
CANADA	June 28	Prev	Yr ago
Toronto			
Metals & Minls	1,898.5	1,886.6	1,864.0
Composite	2,703.6	2,704.8	2,210.4
Montreal			
Portfolio	131.75	131.91	107.79
DENMARK	July 1	Previous	Year ago
SE	198.48	197.87	180.9
FRANCE			
CAC Gen	224.3	225.7	170.1
Ind. Tendance	127.4	127.0	89.8
WEST GERMANY			
FAZ-Aktien	480.79	482.90	348.40
Commerzbank	1,421.5	1,425.5	1,006.8
HONG KONG			
Hang Seng	1,570.60	1,570.61	901.07
ITALY			
Banca Comm.	331.50	332.64	210.72
NETHERLANDS			
ANP-CBS Gen	215.0	213.6	156.8
ANP-CBS Ind	179.4	178.0	125.7
NORWAY			
Oslo SE	327.2	326.55	232.28
SINGAPORE			
Straits Times	775.27	782.69	885.9
SOUTH AFRICA July 1			
JSE Golds	–	995.4	973.0
JSE Industrials	–	980.2	940.2
SPAIN			
Madrid SE	107.62	106.28	87.19
SWEDEN			
J & P	1,330.68	1,333.96	1,474.54
SWITZERLAND			
Swiss Bank Ind	447.9	446.3	360.4
WORLD	June 28	Prev	Year ago
Capital Int'l	215.4	214.3	174.1

GOLD (per ounce)

	July 1	Prev
London	$313.25	$317.75
Zürich	$314.00	$317.65
Paris (fixing)	$314.45	$314.47
Luxembourg	$315.25	$316.50
New York (Aug)	$310.80	$317.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 1	U.S. DOLLAR Previous	STERLING July 1	STERLING Previous
$	–	–	1.3055	1.31
DM	3.041	3.028	3.9725	3.9675
Yen	247.9	248.3	320.5	325.5
FFr	9.2625	9.2375	12.075	12.105
SwFr	2.5485	2.5395	3.325	3.3275
Guilder	3.424	3.41	4.475	4.4675
Lira	1,935.5	1,934.5	2,528.0	2,534.0
BFr	61.1	60.95	79.75	79.85
C$	1.357	1.361	1.7775	1.7705

INTEREST RATES

	July 1	Prev
Euro-currencies (3-month offered rate)		
£	12⅝	12⅝
SwFr	5 5/16	5 5/16
DM	5 5/16	5 5/16
FFr	10⅜	10⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	7 13/16	7⅞
6-month U.S.$	7 15/16	8⅛
U.S. Fed Funds	7 13/16*	7 13/16
U.S. 3-month CDs	7.40*	7.40
U.S. 3-month T-bills	6.88*	6.82

U.S BONDS

Treasury		July 1* Price	July 1* Yield	Prev Price	Prev Yield
8½	1987	99 24/32	8.639	99 22/32	8.62
10⅜	1992	101 11/32	10.05	101 10/32	10.06
11¼	1995	105 14/32	10.186	106 1/32	10.23
11¼	2015	107 11/32	10.437	107 9/32	10.45

Corporate	July 1* Price	July 1* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101½	10.00	101½	10.00
3⅜ July 1990	80⅜	8.75	80⅜	8.75
8⅜ May 2000	84⅜	10.90	84⅜	10.90
Xerox				
10⅜ March 1993	100⅜	10.60	100⅜	10.60
Diamond Shamrock				
10⅜ May 1993	100	10.65	100	10.65
Federated Dept Stores				
10⅜ May 2013	94¼	11.30	94¼	11.30
Abbot Lab				
11.80 Feb 2013	103⅞	11.35	103⅞	11.35
Alcoa				
12¼ Dec 2012	102⅞	11.90	102⅞	11.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	77–13	77–26	77–09	77–02
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.92	93.04	92.92	92.95
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.36	92.46	92.36	92.36
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	92.13	92.20	92.11	92.08
20-year Notional Gilt £50,000 32nds of 100%				
Sept	110–12	110–19	110–12	110–11

COMMODITIES

(London)	July 1	Prev
Silver (spot fixing)	463.50p	471.65p
Copper (cash)	£1,077.25	£1,093.00
Coffee (July)	£1,857.00	£1,913.50
Oil (spot Arabian light)	$26.75	$27.15

TOKYO

Lacklustre retreat from peak

THE ABSENCE of fresh incentives at the beginning of the week and the uncertain outlook for U.S. interest rates left many investors sitting on the sidelines in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Trading on the Tokyo Stock Exchange was generally lacklustre for most of the day. Buying interest was evident only in some incentive-backed issues.

The Nikkei-Dow market average lost 4.02 to 12,919.03, after reaching an all-time high on Saturday in the wake of the overnight surge to a record high on Wall Street.

Volume was light at 345m shares, compared with Saturday's 200m. Advances outnumbered declines by 418 to 379, with 132 issues unchanged.

Many corporations and institutional investors moved out of the market as their hopes of lower U.S. interest rates were frustrated by the higher than expected flash estimate of U.S. economic growth rate of 3.1 per cent for the second quarter. This left many individual investors, particularly buying shares selectively for a quick profit.

One analyst at a large securities house took a pessimistic view of the market's prospects, pointing out that a market correction might be unavoidable in the absence of any strong motivation such as a lowering of U.S. interest rates.

Canadian markets were shut yesterday for a holiday.

Nippon Steel topped the most active list with 8.86m shares traded, gaining Y2 to Y161, partly because of technical factors. Mitsubishi Heavy Industries lost Y7 to Y322.

Some incentive-based issues gained ground. Minolta Camera, second most active with 8.30m shares, rose Y33 to Y946 on renewed investor interest in its single-lens reflex cameras. Third on the active list with 8.07m shares, Mitsubishi Gas Chemical firmed Y2 to Y414 on increased demand for synthetic resins.

Mitsubishi Belting, Ihara Chemical and Toko Electric were among other issues to gain. Meanwhile, Teikoku Oil fell sharply on the failure of oil drilling on the Japan-Korea continental shelf.

The bond market firmed on heavy small-lot buying by city banks, trust banks and other institutions. Many institutional investors will be trying to earn quick profits before preliminary figures of U.S. gross national product are released on July 18.

The yield on the benchmark 7.3 per cent government bond due in December 1993 fell to 6.410 per cent, its lowest point since its listing, from 6.435 per cent last Saturday. The 6.8 per cent bond due in December 1994, which was listed yesterday, traded at a yield of 6.455 per cent compared with last Saturday's 6.475 per cent.

HONG KONG

THE DEARTH of incentives in Hong Kong left most private investors and institutions on the sidelines and saw only a 0.01 gain in the Hang Seng index to 1,570.60 after falling over 4 points in the morning.

Among those to gain were Hongkong Telephone HK$2 ahead at HK$101, Jardine Matheson, 10 cents up at HK$11.20, and Shell Electric, 13 cents higher at HK$1.38.

Falls of 10 cents each were recorded by China Light at HK$15.70 and Hongkong Gas at HK$10.70, while Hang Seng Bank dipped 50 cents to HK$46.50.

SOUTH AFRICA

AN EASIER tone developed among Johannesburg gold shares as the bullion price remained inert.

Strikes at some of the Gencor group mines over wage levels resulted in a 50-cent drop for Kinross at R34.50 and a 10-cent decline to R8.65 for Beatrix. Mining financials and other mines mostly eased, while industrials were quietly mixed.

Finance House National Acceptances was suspended at 8 cents as it was placed under judicial management following liquidity problems.

EUROPE

Frankfurt victim of uncertainty

STEADY BUYING yesterday reinforced the positions of several European bourses around record levels, although ragged trading in Frankfurt pushed the market lower during a continuation of the uncertainty that developed late last week.

The Commerzbank index, calculated at midsession, was 4.0 lower at 1,421.5, compared with the record of 1,433.20 set last Tuesday.

Demonstrating the mood of uncertainty, prices of leading stocks moved between wide margins with most closing above their lows for the day after a late recovery.

Banking issues, which have been front runners in the two-month surge, were the subject of the most erratic trading and ended mixed on heavy volume.

Deutsche Bank experienced heavy profit-taking and closed DM 6.50 lower at DM 579.50 followed by Dresdner which shed DM 2.50 to DM 257 while Commerzbank moved against the trend to end DM 5.30 higher at DM 217.80.

Volkswagen led a marginally firmer automotive sector with a DM 2 rise to DM 322 while BMW, which announced details of encouraging profit prospects managed only a 50 pfg improvement to DM 438.50.

This rise was shared with Daimler-Benz which closed at DM 851.50. Profit-takers continued to make inroads into Allianz's recent hefty improvement, ending DM 18 lower at DM 1,484.

The bond market strengthened during active trading. The Bundesbank sold a relatively large DM 82m worth of domestic paper after disposing of DM 62.6m last Friday.

Foreign buying in Zurich continued to buoy banks and other blue chips while domestic support sponsored a broad advance. Indices covering seven sectors rose to record levels with the key Swiss Bank industrial index adding 1.6 to another peak of 447.9.

The advances were scored on higher turnover, largely due to the increased international interest.

Among the banks, Crédit Suisse firmed SwFr 20 to SwFr 2,950 and Union Bank SwFr 15 to SwFr 4,185. Movements in other groups in the sector were restricted to within a similar range.

Swissair firmed a further SwFr 25 to SwFr 1,090, and Ciba-Geigy added SwFr 5 to SwFr 3,225.

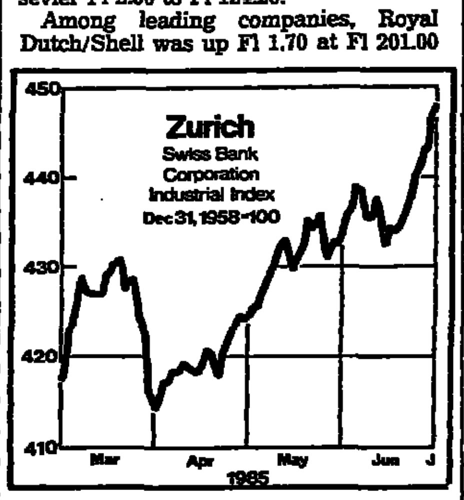
Bonds closed little changed in quiet trading as the market continued to await fresh incentives.

Amsterdam maintained last week's momentum, with several indices reaching new levels in a wide-base advance.

Investors continued to chase banking stocks on hopes of a further cut in domestic interest rates. ABN added Fl 6 to Fl 464.00 and NMB Fl 2.50 to Fl 193.50. Mortgage banks FGH and WUH each added 50 pfg to Fl 58.50 and Fl 100.50 respectively.

Publishers were also in demand, with VNU rising Fl 4.50 to Fl 202.00 and Elsevier Fl 2.30 to Fl 124.20.

Among leading companies, Royal Dutch/Shell was up Fl 1.70 at Fl 201.00 and Akzo Fl 1.60 to Fl 111.80. Unilever finished 80 cents up at Fl 352.50.



Brussels edged forward at the start of a new two-week trading period on the forward market with volume at moderate levels.

The pressure which has been on Petrofina during recent weeks eased, leaving the industrial group with a BFr 10 rise to BFr 5,680.

Delhaize, the retailing group, was the outstanding improver firming BFr 490 to BFr 9,190, but brokers said the rise was registered on thin turnover.

Financial stocks, with the exception of Société Générale de Belgique rose. Société Générale eased BFr 10 to BFr 1,825.

Madrid advanced with banks finding most support, although selected chemicals and electricals were also sought.

Milan was generally lower as profit-takers moved in to clip back the increases recorded last week. Despite the general weakness certain blue chips were supported with price improvements generally small.

LONDON

Confident display by blue chips

BLUE CHIPS staged a surprisingly confident display in London at the start of a week that could prove to be a watershed for the equity market.

Investors were wary at the outset despite Wall Street's recent push to new heights. Hopes of cheaper money trends were revived by the dollar's weakness, and the revival of institutional interest triggered a chain reaction that generated a strong tone by the afternoon.

The FT Ordinary index mirrored the mood rising progressively to close 13.9 up at the session's best of 952.5.

Gilts improved gradually to settle around ½ higher at the long end of the market.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

AUSTRALIA

A RE-EVALUATION of institutional investment strategy became apparent in Sydney after the end of the financial year. The All-Ordinaries index edged 0.6 down to 860.2 in thin trading.

Takeover speculation continued to surround Myer Emporium, which dropped 13 cents to A$2.22 while leading mining issues suffered often sizeable falls. CRA fell 8 cents to A$5.98, MIM 6 cents to A$2.72, North Broken Hill 3 cents to A$2.23 and Western Mining 3 cents to A$3.75.

Elsewhere, BHP lost 2 cents to A$6.32, and CSR picked up 1 cent to A$2.85.

SINGAPORE

INVESTORS remained inactive in a dull Singapore where prices crept lower. The Straits Times industrial index lost 7.42 to 775,27.

Continuous selling of financial stocks sent banks down sharply. Malayan Banking slipped 15 cents to S$5.45, DBS shed 5 cents to S$5,85, UOB, the most active, was down 12 cents to S$3.88 while OUB dipped 5 cents to S$2.88.

Hotels, properties and commodities also eased in light trading, with Overseas Union Enterprise 9 cents lower at S$2.68, Selangor Properties 3 cents lower at S$1.57 and Kulim 4 cents lower at S$2.09.